

C A P I T A L C I T Y D I S T R I B U T I O N , I N C .



Special

INTERNAL
CORRESPONDENCE®

Edition

An Industry Roundtable

NOVEMBER 12, 1992

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Foreword

The purpose of this foreword is to thank DC Comics for its support of this *Internal Correspondence Special Edition*. The idea for the first ever Industry Roundtable that this *IC Special Edition* reports came out of a brainstorming session with Paul Levitz at DC's 1992 Distributor Conference on a ship off the coast of Southern California last spring. Paul was also very helpful in subsequent discussions regarding the Roundtable. Early on, Paul agreed on behalf of DC to support the event through financial support of this publication. DC is Sole Sponsor of this *Internal Correspondence Special Edition*.

Why would DC spend a considerable amount of money to sponsor a publication that carries only a minor mention of DC in ad or editorial material? The answer illustrates a long term business practice of DC's that is worthy of note—DC has, for the last decade or so, made some expensive decisions that benefit the entire market equally, and DC only to the extent it shares in that market. To carry that to this specific decision, DC sponsored this publication because it was felt that the industry would benefit from the Roundtable discussion and its reporting, and that it was appropriate to support that benefit financially.

But this type of financial support is a drop in the bucket compared to what DC has pumped into the direct market in the last decade. In the early '80's, about the time that Paul Levitz ascended to the management of DC's business affairs, the decision was made to invest

in the future of direct distribution to comic retailers. The form of that investment was a rebate system for direct distributors that had the effect of pumping many millions of dollars into the distribution system over the last ten years. DC did this to benefit the industry, and it was often the case during the '80's that the amount of the DC rebates given to distributors were all that kept the profits of the direct distribution system from turning into losses. The form of the rebate also helped build financial discipline into the direct distribution system. The DC rebate helped the industry to flourish during the '80's, and made an important contribution to the strength of comic retailers and distributors today. Although DC's rebate system has changed in recent years, and the difference between DC and its main competitor has closed, the benefits of DC's contribution to the direct distributors and retailers continue to be felt today.

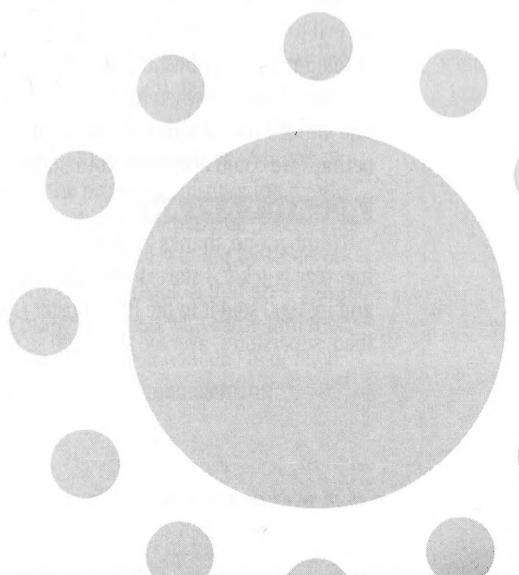
So we want to thank Paul Levitz and DC not only for DC's support of this publication, but for its support of the direct market over the last 10 years. We hope that this publication lives up to its promise, and that the readers benefit from increased understanding of our industry and its place in the world.

And to those of you reading this *IC Special Edition*, if you feel that its publication benefits our industry, give a word of thanks to Paul and the other folks at DC for this and everything else DC's done to support our industry over the last ten years.

*Milton Griepp
Capital City Distribution, Inc.*

*Is the development
of monster chains a necessary
component of the development
of our industry
or an evil to be avoided?*

*What are the pluses and minuses
of such a development
for publishers, distributors,
and retailers?*



MILTON GRIEPP

This is the first event of its kind in the comic industry. As you know, the mission of Internal Correspondence in our approximately 10 year history has been to provide our industry with information and analysis to further our understanding of the business world. This roundtable is a reflection of that mission.

The group that we have assembled here was designed to bring together some of best minds in our industry with a variety of viewpoints. Each of you participants was chosen because you have a unique perspective and a broad view to contribute. We want to publicly thank all of you participants, all of you are prominent in our industry and very busy people, for taking the time to contribute your viewpoint to this event. We hope this will be the first of many continuing events of this kind.

Our industry is moving very quickly, as we all know. The growth, the change, the movement in the comics business today is at a pace which seems to be accelerating with each passing month. It is a very exciting time in our industry. It is also a time when consideration of the direction our industry is moving in, and looking toward the future are more important than ever before. If this event can serve in some small way to move our industry forward, to achieve even greater things than we have achieved so far, we will have done what we wanted to at this event.

At this time I want to introduce our moderator. He has been in the business for nearly 20 years. During that time he has been involved in retailing, distribution, publishing, industry trade shows, and creator representation. He probably has among the broader resumes of this group, as such, he has a broad knowledge of the industry and the players in it. And so without further ado, I would like to introduce Dave Scroggy.

DAVE SCROGGY

Thank you very much. I would really like to thank Milton, John, and all of you for joining in.

I hope you have all received some correspondence from Capital City indicating that you would have a two minute opening statement to make on the topic at hand. That's how we will begin the discussion. At this time I would like to call the first group up to the podium.

Our question for this topic, if I may refresh you all on it, is "Why isn't there a 'Blockbuster Comics'?" Is the development of monster chains a necessary component of the development of our industry or an evil to be avoided? What are the pluses and minuses of such a development for publishers, distributors, and retailers? What happened to other industries when big chains came in?" Several questions in one, but if I might start with Mr. Caplan and go around the table, perhaps we could open with your statement on the topic.

ALLAN CAPLAN

Number one, thanks for inviting me. Just because no one knows me, very quickly, I started with one store in the video industry in 1982 and in 1990 sold it to the Blockbuster Corporation. It was 60 stores then, superstores, average size 5500 sq ft. The first store was 1100 sq ft.

I look at the comic book industry/card industry, from what I know of it, as video back in 1982. We had just started an association. There really isn't a place for a large retail chain in the comic industry to go today, to say "Hey, where can I get statistics, etc. to back-up any decisions."

Going from store to store to store, because I really do like comics a lot, I noticed nobody has many, if any, management systems in place. For any major retailer, for myself, to get involved in opening up a chain of comic book stores, I need to be totally computerized. I don't know how to operate a computer, but I know how to hire people that can tell me the information off of that computer, so I know what is selling, how often it is selling. I need to know what my turns are, I need to know what my return on my investment is. Most comic book retailers that I have asked today, don't know what return on investment is, and they don't have any idea what the words "open to buy" mean. There is a total lack of education in knowledge level in your industry because we refer to it as the hobby section, and in fact it is still treated as that.

The good news, it's got lots and lots of opportunity. This is just like video back in '82 where you have lots of good "moms and pops," and then from one store we opened a second store. By the third store, we were computerized, and by the fifth store we were starting to modernize.

There are not enough trade publications in your industry to foster growth. I only know of one, I could be wrong, full-time trade publication. In the video industry, there's eight.

You used Blockbuster, so I'm comparing it directly to a Blockbuster. I think, one, computerization and information management system are a must; two, education of your current retailers. You have great retailers who know a whole lot more about comics than a Blockbuster ever will, so they're the likely ones to open up the regional chains and then to do a national chain. But before they do a national chain, they have to learn about finance. It is not as scary as it seems. I understand there was an SBA person at last year's distributor meeting. Somebody had an SBA person in. That's great. Anyway, addressing one of your other concerns: What would happen if a Blockbuster chain emerged? If it emerged very fast, it could kill off all your small retailers, because you don't do enough promoting of your comics now, to sell more; you just distribute them in more places.

TERRY STEWART

Thanks for letting me be here.

I think the thing that is most interesting to me is the fact that it gave me a reason to go look at this question. Specifically, it is one we think about, subsequently it concerns a lot of us, but we actually did some research, and so I got to know Blockbuster, got a lot of information on them. We also looked at bookstores and record stores. Those are two other analogues. There are some very specific reasons that we came up with about why Blockbuster came into existence and why it has been successful, and there are some direct analogies to the comic business.

I think the good news is that the other industries we've talked about—and I've talked about the bookstores, record stores—were not

killed off by chains. Just the opposite: generally speaking the chains have been good. There are some very specific reasons, as Allan mentioned, why this hasn't happened yet. But I think this discussion is very timely because I think that window is going to start to open up here shortly. As some of you have heard me say, now that "Bubba" is

"Our industry is moving very quickly, as we all know. The growth, the change, the movement in the comics



business today is at a pace which seems to be accelerating with each passing month. It is a very exciting time in our industry."

Milton Griepp

going to be in office in January, and if he does what he says he is going to do and actually free up some of the banking reserves and get back to the point where banks are encouraged to lend money, and not sit on it and put it in treasury bills, I think we can have an environment where, particularly some of the people in this room and some of the leading retailers around here, will finally have an opportunity to make some of these changes happen in their own way, along with some of the structural changes that you will hear about today, like the addition of bar codes and other things like that.

So I think it is a very relevant, timely question. I think it is one that actually has a very positive story and I don't think in the long run it should be scary. It should be a wake up call and one that we can learn a lot about here today.

RON HON

Thanks. The question is why there's not a Blockbuster Comics. Well, I really think there is. In my opinion there is a Blockbuster Comics national chain right now. They just don't know that they're going to carry comics. Now, I think soon that they will find this out. So, there are a lot of pluses and minuses in this. Unlike Mr. Caplan, I think the small comic retailer will survive.

ALLAN CAPLAN

Can I clarify one thing? I think they will survive, as they've survived in video, if they adapt and learn. What I was trying to say and obviously didn't do it well, is right now you only have X amount of

people out there that read comics, that love comics and absorb them. If I were to open up 2,000 more locations tomorrow, with a broad-based comic selection, there's not enough people to absorb all that yet.

RON HON

That's right, I agree.

ALLAN CAPLAN

I think if a chain develops intelligently—fine.

RON HON

To continue, I don't think there's any secret that the publishers are seeking a major chain for their outlets, and when this happens, I think it will happen fast. I think it will change the industry very rapidly from the publishers, distributors, and retailers; all are going to be changed very rapidly.

The mid-size comic book retailers, the larger comic book retailers in business today, I feel are going to have some real problems at the outset. It is hard to compete with people that may have 8 to 10 to 12 outlets in a major metropolitan area, that all of a sudden are comic book stores now. This chain will have their stores very strategically located, which they already are.

Now, there are a lot of minuses, in two minutes I can't give you a whole lot of minuses, but I think there are a lot of minuses with a national chain of stores. I think that eventually mid-size retailers, the larger comic book retailer will learn to compete with a national chain. The smaller retailer, I don't feel they are threatened at all, because they will be in business. The fellow that has one store, maybe two stores, that really is like Mr. Caplan said a hobbyist, he is still going to be there.

MILTON GRIEPP

I really see three main reasons why there have not been chains developing at a faster pace from within our industry. The primary reason, which is almost self-defining, is that the level of retained earnings at the retail level in our industry has not been adequate to sponsor growth at a rate rapid enough to build a chain of national size. I think that speaks to the reason why there have not been internally developed chains. Terry has talked about the source of the financing externally which might lead to the growth of such chains. But I think the primary reason is that there have not been adequate retained earnings.

The second reason, which relates to the first, is that point of sales systems have not come into widespread use in the comic industry. Allan talked about the use of computers in retailing, and I think that's absolutely essential for retailers to make enough money to be able to grow at a faster rate.

The third thing, which has been mentioned a couple of times by the people who spoke before me, is the professionalism of the retailer as a group as a whole. I think that in the last 10 years we have made tremendous progress towards lifting this industry to higher levels of professionalism, and there is steady improvement in that area. I think that in the past there have been many hobbyists who came into the industry and, although many of them are good retailers, to develop large scale chains, I really prefer professional management.

I think that all three of these areas, not just the professionalism area, are showing a tremendous prospect for change. I think the fact that comic books are soon going to have the bar code system, will allow the retailers to use more point of sale systems, which should throw some money quickly to their bottom line. Overall, I feel as if there will be more opportunity in the future for the current retailers in our business to grow their business and develop more outlets.

So I guess I would rate this as a probable event, that chains will develop. I think that in general larger scale businesses will have more resources, more opportunities; that could be a very good thing for our business if those retailers remember how we got here. I also think that distribution has an important role to play in this development. In other businesses, distribution plays an important role in national chains. It often helps with links to the point of sale systems, to help keep inventory levels at a minimum in the store while not missing demand. I think that probably is the most important thing that we can do as distributors to help retailers make more money and help these chains grow. So, although I think conventional wisdom is that distributors oppose the growth of large chains, we really do not feel that way at all, and feel we have an important role to play in that growth.

MIKE RAUB

Well, I think that finance and assistance as previously mentioned here are two very important things and could very well stand in the way of the expansion we're talking about. I think that we have some problems within our own industry, at this particular point to be addressed perhaps even before that.

Allan Caplan

"You have great retailers who know a whole lot more about comics than a Blockbuster ever will, so they're the likely ones to open up the regional chains and then to do a national chain."



In my experience, it seems that we have constantly had times in the industry where we have been prepared to expand greatly, when the publicity has been right, the product has been right, and things have happened. A number of times, we have almost shot ourselves in the foot and stopped our own growth from happening. In a video situation or in another chain situation you aren't going to have the problem

where *Home Alone* can't get into the video stores because a week after it's there, it's in a bag for \$10.00 on the wall. All the people that saw the advertisement on TV come in to buy it and are turned off by what looks like a big "3 card monte."

We've got a number of portions of our act within the industry which we have to clean up. And that clean-up is going to take cooperation on an equal level among retailers, distributors, and publishers. I think that the blame and the reward from this clean-up should be shared, and will be shared equally by all three of those parties. In fact the market returns this past year in our company, and I'm sure that everyone else can agree, show that our sales are up upwards of 40 or 50—whatever percent that we all particularly have in our own case. Part of that, unfortunately, is due to the value added collectibles we brought in, the speculation market, things which are really short term growth.

When real money people do come in to look at this industry, they're going to want to look at something beyond that. They're going to want to look at a marketplace, like Allan talked about, where we can bring in people for books that aren't just bags of cards, that aren't holograms. Material that's going to appeal to a wide spread of demographics, material that is going to get consistent publicity on television and in the newspapers, beside just sporadic things like just happened around the death of a major character. With that type of cooperation, and being the breadth of the industry even though it's quite a lot, it's still small enough at this point that we certainly can accomplish it. I think we can make inroads for not only the people we employ, our retailers to grow, but also to make the road better for the other folks to come in. And make it strong enough that even the people perhaps who aren't up to that level right now have a good chance of surviving in a retail industry.

BRUCE BRISTOW

I also thank Capital for inviting me and for having this event.

I agree with everything that has been said so far, except I would interpret it slightly differently, because the majority of comments have been focused on what it will take for existing retailers to grow and expand to whatever next level, two levels or three levels of size, magnitude, and organizational complexity there are. On the other hand, I would suggest that if a chain, or if, and, or when a chain or chains develop they're not going to come from existing comic book stores. They're going to come externally.

The vast majority of the problems that people talked about such as training, standardized systems, etc., are fairly easy, straightforward things to impose. For example, people at Blockbuster had a strong background in McDonald's. There is probably a terrific number of similarities there.

I would suggest that the only insurmountable obstacle today to a chain like that is strictly one of scale, and the way you can get around the scale problem—it is strictly a numbers thing, and you can get broader numbers to make an attractive customer base—either by having a broader product line or by having more people who will come in. We can either have a lot more intensive fans or broader product lines to appeal to a wider range of people, have stores that appeal to

people other than just the comic book elitist. I think either one of those directions is viable. Once outside investors and businessmen feel there is an appropriate scale, it will be a relatively straightforward system to develop, as Waldenbooks has done, Blockbusters, etc.

MEL THOMPSON

I would like to congratulate Capital on organizing this event. Also, it is something the industry has needed for some time.

I have been studying the comics marketplace for almost 10 years now, and, I regard the development of true chains as inevitable. They're neither good nor bad, but they are going to develop. If you look at the market right now, assume there are roughly 6,000 stores in North America that are identifiable as comic book stores. About 1,500 of them are in multi-store companies, and the other 4,500 are more or less single store operations. And there are some good reasons why this is the case.

The largest multi-store operation in North America is 12 stores, if you call it a comic book store, and other than that about 8. So we have a long way to go before we really get into chain operation. But nonetheless, it will come. The reason why it hasn't come, alluded to by other people, is the lack of capital. It takes two to three years for the typical comic book store to start throwing off cash, and if you are financing internally from cash flow, it typically takes around 12 to 15 years to get up to "A" store level from your first store, and that's a long period of time. Retained earnings is a hard way to build a comic book empire.

Business skills has been alluded to before, and again most of the people who have come into comics are people who loved comics in and of themselves, and many of them have done a remarkable job of acquiring business skills in the process of running their companies. But time and time again, what we see are people that have significant deficiencies in their skill set and that interferes with the development of their company, and very often what we see are that people crash and burn on their third store. The third store is where they simply run out of time, energy, and the ability to drive between the three stores and keep things going.

Ordering and inventory control, again, is a real issue, particularly if you cycle sheet and order manually, which will give you a good order. The amount of time required to do that is really substantial. Twelve to 20 hours a month has been typically reported to me, and that means that you have to have a specialist at each store that can write an order. Given the low pay scale in the comics industry, that means that person is just putting in their time until they are ready to go out and set up their own store in competition with you, so that has been a tremendous obstacle to the growth of multi-store operations from inside the industry.

The final part that is connected with all this is the fact that the outside business world is still largely ignorant of the comics industry and the potential for growth and profit, particularly that comics retailing has. Marvel going public has done a great deal to bring some of this information to the business community, but the typical potential investor or person who would come in and either develop a

company from scratch or work with an existing retailer, knows nothing of the tremendous opportunities for profit in comic retailing.

So at the moment we're not really in gridlock because there's quite a lot of internal growth going on inside the industry, but it is as though it is a wine vat filled with yeast and the pressure is building up and getting ready to blow off. I get more and more inquiries from people outside the comics industry who are interested in retailing, and all the major pieces are in place to do chains, so it's going to happen, and it's going to start happening fairly soon. It's going to be an extremely interesting process for all of us to watch and participate in.

GARY COLABOUNO

I would like to thank Milton and John for inviting me. As most everyone knows, I'm basically a [non-Capital] account. I thought it was very good of them to invite me to attend.

What I have heard so far from everyone up here is just another vote of no confidence for direct marketing retailers. I feel that there are many in the distribution end of the direct market in retailing. I'm speaking basically for myself and also as a spokesperson for the DL group. We kind of built the industry up to this point, and we all feel it's slipping through our fingers. We feel that there obviously are new power brokers in this business now and they have an agenda that doesn't include us. They're being shortsighted; they don't understand there is talent, experience, knowledge to be tapped. For us to get to this point and not have an opportunity to enjoy the harvest is a shame. There are no systems, there are no programs, there are no strategies to expand the market by using direct market retailers right now. Whenever we approach the powers that be with these plans, we're listened to cordially, but I don't think they consider us a serious avenue to expansion. This needs to change. It's our responsibility; we have the challenge as retailers to bring up our level, to do things necessary for us to have an opportunity. But there has to be a mind set by the—I don't want to use the term power broker too much, that gives it a negative—but people who do make the decisions. They need to look on us as a chance, as an avenue for growth.

DAVE SCROGGY

We've raised some interesting topics here. A couple of questions which come to my mind, based on what has been said here, is where these chains are going to come from. We have heard that the chains already exist in some form and perhaps aren't carrying the comic product as a part of their product mix currently. We have heard the chains are going to come from outside the industry and come along as Waldens and B. Daltons might have in the book industry and we have also heard there is hope for the direct market to continue to grow and expand the regional chains into a larger scale. I guess this implies a couple of questions, and I might ask some of the big publishers first, Mr. Stewart and Mr. Bristow, who might have been in a better position to do some market research, as to how big they're feeling the comic market is potentially. As we talk about chains, it implies more of a mass media, a much larger customer base. Do you have any feeling for how big a market there is for comics. Will this many stores be supported easily?

TERRY STEWART

I think the answer is long term. The growth is relatively unlimited. You sound like those guys I face every week who want to know where the stock is going to go, so forgive me for deflecting that for a minute because one of the things that you have to look at, is that the size of the market and the size of the stores and the differences between the video market and the comic shop preclude certain things up to this point. Bruce touched on the fact that an average comic shop—Mel and I might disagree—is something like two or three times less than what a video store would be, so you immediately have less of an economic opportunity for an investor. Likewise, there is as Allan said, very little good information here to an outside investor. That will change; it is changing quickly as we do our research and as Mel continues to go forward.

But you have other basics here. We have a household penetration where we are probably in half the household that have kids. That is probably down from 90% of the households in general in the 1940s, but it is growing. VCRs really were a very identifiable number when the video business started to take off, and that VCR had a broad appeal across the entire family. As the number of those machines increased in America, from around 1980, and we all remember, it was sort of like when I grew up in the 1950s. One family had a television in Alabama where I grew up, and I used to think of reasons to go to their house to eat dinner, so I could be there to see what is a show called *Boston Blackie* really all about; what is *You Bet Your Life*? It was so fascinating. As VCRs came along on the scene, I remember going to people's houses and taping TV shows. That's where it really started. There were a few tapes around.

There's really a few dynamics left here that have to grow a little bit bigger. I think that the folks at that end of the table are probably right. The biggest opportunity is for the outside investor. The point I tried to make earlier is, the people who are good retailers here have an open window to do some of those things. They know more about it, and if the financing becomes available it will be possible for them—nobody puts all of their money in this business. When Blockbuster started out in 1985 they had one store. Then they went to something like 7 stores, then 29, and they invested 14-15 million dollars. I don't know the source of those funds, but I'll bet dollars to doughnuts this person did not put all of his equity into that thing. It just doesn't work that way. He had to...

ALLAN CAPLAN

He called the boys, and he said "Boys, I got this video thing" and I swear to God, "Wayne says it's good." They put in the first 15 million and then they went to Wall Street.

TERRY STEWART

So that market had a lot of dynamics that are not available to us yet. They're going to happen. We see growth on all fronts at Marvel. We see it on both the direct side and newsstand side. I don't know who Gary is talking about—power brokers—but I'll take that man a little bit out of line. One of my toughest jobs is trying to balance the growth of the newsstand product with the direct stores, because one of the last things I want to do is get out of kilter there. But I have to try and



"I don't think there's any secret that the publishers are seeking a major chain for their outlets, and when this happens, I think it will happen fast."

Ron Hon

increase the profile. Does that mean I stop growing the business, does that mean I stop talking to the Anco's, or the Wal-Marts, or the Waldens of the world? That's a very difficult thing for me. But I know, truly I know, I can't let that get out in front of me. That means eventually, what do I have to do? Will I reduce the number of titles on the newsstand to 20 or 25? You are never going to have that full service aspect here. So I think the growth can be very similar to the scene of the video market, but the appeal of the product and the household penetration is never going to be quite that broad so it is going to be a lot slower. I think you will have people come into this industry and take advantage of the growth. Once they can identify what it is; they can take those numbers to the bank and say I have \$10, lend me \$100. That's how it is going to work.

But you people, the retailers here, have the opportunity to do it first. I think the window will really open up in the next year or two if the business is as strong as we see it is because you will have the numbers to show. You are going to have some of the structural things. As I said, we expect to have the bar codes in January or February. Everybody here is pushing for more pervasive ability to push software down into the retailers; we've talked about that at Marvel. Some of those pieces are going to fall. I think what you are going to find is the acceleration here is going to go beyond the growth, meaning the rate of increase in change could happen very quickly. I think it is very hard for people like Waldens and these others to take advantage of it. I think they will get interested in it, they will look at it, and they will decide, gee, there's some shorts in it, but they can't provide the service you people can. This business will not grow for them, unless you have that.

One of the stories I tell all the time is: You go to a record store and try to find a kid who can tell you what album "Can't Buy Me Love" is on, you've got a problem. If you want "Red Hot Chili Peppers" it's okay. In the stores most of you run, and it is a management extension problem as everybody's pointed out, you can still find out who's doing what book, what story line appears. That's something nobody else can provide, that's absolutely unique to this industry. The relationship between publisher, distributor, and the retailer is absolutely not available anywhere else in America for any consumer product that I have ever seen or one that's going to happen in the near term. So the advantage is in your court.

I admit we worked on trying to figure out how we can make that grow. I talked to Milton about it. I don't have the answer. I have a lot of people coming to me who want to grow the returnable side. I think that is a huge mistake. I mean, if that is appealing, let's go out and open up venues and make it returnable. I get letters saying how great the book business did and the periodicals; it didn't, it's dying. You as the retailer have a great opportunity because you have to run your business. We have to find a way; I can't capitalize you because if I do suddenly you'll be Marvel stores, and that's not something any of us want, including me. So I keep trying to find ways either based on terms or incentives; I don't know, I really don't have the answer. Again I welcome opportunities to grow the returnable market. It's the long-winded way of not answering your question.

I really think the business will grow in double digits for the foreseeable future because the product is so strong it sells itself, and the growth you guys are having is based on that. If we can figure out how to help you people, maybe it's through research and passing information to retailers and helping them develop financially, helping them develop industry information, then we can get the credibility in the banks. If we can start to do some of that, if the product stays as strong as it is now and becomes part of American pop culture, like it used to be, to the penetration level, I guarantee you, this sucker will move, this dog will hunt, and that's no lie, I guarantee it. I'm sorry I get very excited about this. I'll pass on to Bruce.

BRUCE BRISTOW

This power broker forgot the question.

DAVE SCROGGY

Well, it related to how big we think that the market for this product is, and I guess Terry feels that it's unlimited. The question of change and of this type of development, this type of broad base of outlets out there everywhere, implies that many customers, and I wonder if there's any research that your companies might have done that would say that "Yes, they're all out there, and they want our product."

BRUCE BRISTOW

Let me point out a fact. The prime limitation on our volume isn't the number of copies of *Man of Steel* that we can print, it's the number of different titles and quality of books that we can produce. It's very easy to triple our volume if we can sell three times as many copies of the same books. That's generic across the industry so there really isn't any volume constraint in that sense. Our difficulty is in producing additional titles, more titles, and getting acceptance for a variety of titles. Virtually all publishers have tried a variety of things, westerns, romances, and you don't know all of the litany of things which people would like to see saleable. Generally speaking those have not been hugely successful in recent years. Our constraints aren't volume in the conventional sense that they are with most products. In the automobile business it's real critical what volume you expect because that's how many factories you will build. Realistically speaking that's not a problem for the comic book publishers.

ALLAN CAPLAN

May I ask a question? What's the average dollar volume, Gary, of a comic book store?

GARY COLABOUNO

I don't think anybody knows.

RON HON

Mel would know more.

GARY COLABOUNO

Mel and I both have opinions on that.

ALLAN CAPLAN

Well, does Mel have a number?

MEL THOMPSON

One hundred to one hundred and one half depending.

TERRY STEWART

You take the number of stores. I think it's four thousand primary with another fifteen hundred to two thousand which could be called comic shops, and that's—Allan's done this and Mel has done this—we've compiled the Yellow Pages in every category known to man, we've phone called all these people, we've identified four thousand real good retail situations, then you divide through by the estimated sales in the industry, and you come out with one hundred to one hundred and one half. Video stores run three hundred plus as I understand.

MEL THOMPSON

But the range is fascinating, from twenty five thousand to a million four per store in North America. The growth of the industry has been bimodal. Then you've got lots and lots and lots of very small mom and pops coming into the market. Then you've got a small group of retailers who are opening stores that consistently will be doing between three hundred and six hundred thousand a year when they mature.

ALLAN CAPLAN

What's your wrap-up time for a mature store?

MEL THOMPSON

It depends on the quality of the location. Anywhere from three to five years, depending on how good the location is and how good at merchandising the retailer is.

TERRY STEWART

But you see that one of the advantages that we have as an industry is that these mom and pop stores—I think you made the point Ron—the chains in the book business and the record business, they didn't drive out the mom and pops. The weak sisters are always going to die, recessionary periods will kill off others, but by and large—I've got numbers here, and I'm happy to quote them, of what the record stores were in the 70s and what the book stores were in the 70s—the chains were going to kill the book stores; OK, didn't happen. When you look at the total population of the book stores and the record stores, they've both grown dramatically over the last 20 years.

The neat thing here is that the love of the product will allow the mom and pop store to come because the fanboys will get their Joneses by running the business and being able to fill their closet with the books they want. That's a tremendous advantage. Again, I don't think you'll ever see that advantage disappear as long as this medium is popular. I think this medium grows in popularity every day, and people have heard me say "the reading habits of Americans continue to change." They are different, and the graphics aspects of this continue to attract people, and that's worldwide. That's even true in Japan where we like to think about how wonderfully literate they are. Obviously you know how big the comic market is in Japan, but at the same time they are having a hell of a time with kids over there because the kids can't read the older classical Japanese text, even in a comic book form. The pictures and the simplistic ways of saying things have taken over around the world. There are a lot of little sort of niche dynamics here that you really don't understand, that are going to support this industry in sort of strange bizarre ways. They may hold it back at times, but they are going to have a lot to do with why this thing has a lot more strength than you believe.

MEL THOMPSON

If I can interject one comment. An extremely important point is that the present comic industry, and the comic industry for the next ten years, owes a tremendous debt to the myriad of very small mom and pop comic retailers who have gone out there. Because they have done the missionary work that has built the readership that we are all benefiting from. Every time that somebody opens a new store, even if it's a \$50,000 a year part-time store, it helps increase the market because it introduces another 25 or 30 or 50 people to comic product who have not seen it before because there wasn't a store nearby. We've all forgotten that we used to drive 20 miles to get to a comic book store. Now, in most major metro areas, it's more like 2 or 3 miles. In all of the conversation today, I think it's real important that we remember that all of these small retailers are extremely important to the growth of the industry.

DAVE SCROGGY

I would not question, and I would tend to more agree with Ron, that it's not the small retailers that would be in trouble with the change either. I would like to know, but I do question whether the outside world is as ignorant of comics as we seem to be saying. Is it perhaps that they are more aware of comics than we might think? This is probably a question for some of our retailers on the panel. Do you think that the outside world is generally ignorant of comics? Do you see people coming in new all the time and discovering that they still exist? Or do you feel more that they are kind of aware of comics and might have looked at a few but it's not something that actually appeals to them personally with the exception of a special issue that gets their attention? How about you Mike?

MIKE RAUB

I don't think that they're that ignorant. I do think they come in with some preconceived notions, though, of what they remember comics as being, some of which was true and some of which it wasn't. I think again that this is an education process. As Terry points out,

we've got guys working in stores and people behind the counter who know what they're doing. This is one of the great things about the industry, that they are able to talk about these books and talk about what's going on in comics.

Say 20 people come in randomly off the street. Say we educate 13, and really convert, say, 8 of that 13 to regular customers. As far as perception of what's going on in the industry, I think that there is still a need to express the service as far as the number of people who are aware of comics, but it's where you get them and what's actually going on and what's really happening. Again, the preconceived notion and the misconceptions I think far outweigh the actual true knowledge of what our industry is.

TERRY STEWART

I know I'm not a retailer, but let me say something. When the giant financier that owns a lot of Marvel bought the company for 82 million dollars, it was making a million dollars. Everybody thought he was out of his mind, he'd lost it. This was a guy who was one of the richest men in America, and what the hell would he want with a comic book business. This is a flat, stupid, dumb, immature business. Basically, what we found out and what he discovered and what he believed in is that this was a product that has so much strength. If you make it, and you distribute it, and you merchandise it properly, it makes a lot of money, and it almost always works. There aren't many products around like that.

As you people know, if I only sell 3 out 10 comics I put on the newsstand. I still make money. What other product do you know, where you get 7 back, destroy them, burn them, and you still make money off of them? Retailers have similar margins. They have other expenses. Yes, we have that advantage where we have the best margin in the industry in the food chain. I'm just saying that this is a business where if you could put it out in front of them, it will work. The problem that we have is in the classic sale of the consumer products, it's a hard way to put it out in front of them; have it show up, and you can find it, it gets jumbled, it gets messed up, it's in bad condition. People push the rack to the back of the store.

It isn't the fact that some of them have lost awareness of them. When the traffic pattern of merchandise changed in the 60s and 70s with all of your supermarkets, periodicals didn't even follow that. They followed it later. We weren't even on the train; we got left at the station. We've had to do that catch-up. Now the interesting part is that pattern is changing again with price clubs and things like that. That isn't the answer to make the books popular. You've got to put the product in front of the population as a whole. You've got to find them when they're young. You can't find teen-aged girls when they are 15 and 16 in the stores, because they've got to be dragged there by their boyfriends, or they've got to be a little different. That's all right too. You got to get them young with Barbie. You've got to march them along that story, and then you get them in the store eventually. It's a process here. I think Mike knows it, if he can catch a few people when they walk in and educate them. But they still had to walk in. He needs some awareness at the front end. That is why the balancing game we

play of trying to make that awareness out there on the newsstand or in some other venue is a very hard one.

I would like to spend a lot of money, but if I spend a lot of money to produce the products, I can't get them into your stores, because it is still hard to find the stores. Because there aren't that many of them. If they walk into the newsstand there is only 1 out 5 newsstands that will have a comic book. If he looks for that comic book, he is not going to find it, probably, because it will be behind some other comic books. There are inherent structural problems here.

The magic here is that there are so many dynamics playing in our favor. The demographics, which are now growing for these new kids that are coming in. The little neat stores that pop up in neighborhoods and make people aware of comics, and people are living off of the love of it, not the money they make. The people who work in the store that tell the story. I think we have to recognize these strengths. We keep going off of it.

"The relationship between publisher, distributor, and the retailer is absolutely not available anywhere else in America for any consumer product that I have ever seen or one that's going to happen in the near term. So the advantage is in your court."



Terry Stewart

That's why I don't want to play up the role of the outside investor. I think that's where we most likely stand a chance of having a chain come in. Right now, we don't have to worry about Alan's concern of 2000 stores coming up right away because that's a fool's mission. I'll guarantee that's a crash and burn. You would see more money wasted on something like that right now because of the dynamics: the size of the stores and the profit motives, return on investment, and return on capital. It just isn't going to be able for anyone to see it.

When you look at this industry, what's so hard is to find a way to figure out what's going on. Now we don't only have industry numbers. With VCRs, you can look at the number of VCRs. You try to talk to a banker about demographics and people are reading differently now—they like graphic material. You're out of there. You're like 86 out of the office. Something has to change a little bit more. That's coming. Mel's

work, my work, Bruce's, and the research that we do will start to coalesce. It should be passed onto the retailers and find some way to let that be in a package that allows you to grow your own business. The other guys, the Waldens or whoever it is, they are going to find it eventually, but they will still not understand it. It will be real hard for them to deal with.

DAVE SCROGGY

Well yes, I would say you touched on something that I feel too. A new chain of 2000 stores coming out of nowhere is going to take quite a long time to evolve even if they have tremendous resources and staff and personnel. I would guess it would take quite a long time to really get rolling on that. Do we feel that we are hearing that a lot of these chains are coming up? Maybe I should direct this to Milton. How fast do you feel that the direct market is growing to keep pace with this? Do you feel that this is really a vote of no confidence for the direct market, or do you feel that they are moving faster and stronger than they might think?

MILTON GRIEPP

No, I don't think that it's a vote of no confidence for the direct market retailer. I think that the things I talked about in my opening statement are the greatest potential for the direct market retailer, in terms of taking advantage of the opportunities. Things that I've read in learning about supply chain management are that good point of sale systems or inventory control (more computerized control as opposed to the "hand" cycle counting systems that are used most pervasively) our industry can realize 5 to 10 percent of the bottom line of a retail operation. Looking at that in terms of the average first store volumes, we are looking at now, say \$120,000, something like that. The average store would grow six to twelve thousand dollars to their bottom line, perhaps, through the use of point of sales systems if they meet standards that have been achieved in other industries.

It will take a cooperative effort from all levels to take the maximum advantage of it. The publishers need to mark their books in a consistent way so that people can make the system work. Distributors need to be prepared to use those markings and those directions in our materials so that you can preload the computer system and be prepared to handle information in those codes. Also the distributors must be prepared to link with our retailers and gather the information at your point of sales systems, and accumulate information in ways that will allow you to manage your inventory more effectively.

Someone touched earlier on the questions on returns. I really feel that returns are not the most efficient way to manage inventory. The way that can achieve the lowest waste throughout the supply chain is through communication through all levels and through adequate re-order capacity. The inventory should be held at levels higher up the food chain from the retailer, and use information to flow through that chain to allow the maximum use of that inventory. That will be the most efficient use of that inventory. Profits that accrue to the retailer from the result of that more efficient management would be how they can grow their businesses. Throwing that much more in the bottom line in an average store; if you look at the largest store, you can correspondingly increase that amount. Or, create a situation where the

industry direct market retailers can go to potential financing sources and say, "Look at the profits I'm throwing off here. With additional investment I can open more stores and be able to get a good return on the investment for you." I think there is tremendous opportunity for retailers in business, now.

GARY COLABUONO

Where are these chains going to buy comics? Are they going to buy them from the direct market distributors?

MILTON GRIEPP

Yes, I think that the direct market distributors that are prepared to service that type of business. By service that type of business, I mean...

GARY COLABUONO

If these higher cost operations, Milton, are going to demand better margin than they can get from you guys today. They are going to have to go direct to Terry, to Bruce.

MILTON GRIEPP

I disagree...

ALLAN CAPLAN

Terry can't do a Blockbuster I'll tell you that much. In fact, just so you all know, Blockbuster does not buy direct. With the exception of one or two small companies period. They buy through 3 major distributors because they have branches in the different cities that they can get distribution on street date without a question. They have greater return privileges with their distributors. They also get better co-op then if they bought direct.

GARY COLABUONO

Don't they own some interest in those distributors?

ALLAN CAPLAN

None whatsoever.

MILTON GRIEPP

I think the opportunities that distributors can bring to the table for retailers in the form of increased profits and better inventory management are greater than retailer could get by cutting off the 5% of retail or whatever he can make. Then we could offer more than that. We add more to the chain than we take out. That's the core of the industry in the long term.

GARY COLABUONO

Doesn't it follow that ultimately your distribution system is something simply that they can use on the front end and on the back end, meaning that you are just going to forward freight for them for a fee and then be a backlist service and re-order service. Do you feel that things can evolve in that manner at all?

MILTON GRIEPP

There would be a middle in there.

GARY COLABUONO

As opposed to... Well middle is a separate situation.

MILTON GRIEPP

The front end is shipping and...

GARY COLABUONO

You're just acting as freight forwarder.

ALLAN CAPLAN

Gary, that's all the video distributors really do today. They take the big boxes, break them down to small boxes and get them to everybody stores. For that they get a fee a little bit better than a freight handler. They also in the video business come out with a new buy book every week. I know in your industry, for whatever reason it's monthly. I'd help you with whatever you need to try to get it up to at least every other week if not weekly to make it easier, and more timely, and quicker, to help people buy more. Also people want to buy advertising in your book. But every month sometimes, we can't figure out how to do that.

MILTON GRIEPP

I think the information handling is the key to getting through the frequency there because we'd be able to process orders a lot more frequent than a monthly cycle.

DAVE SCROGGY

We've talked about re-orders too. I would say that the distributors currently do an outstanding job of soliciting and delivering the product in an extremely timely fashion. For several years in the industry we've heard complaints from retailers about the ability to reorder effectively, especially modest quantities. Mike Raub touched on it in his opening statement where talking about going into a video store and finding *Home Alone* in a bag 2 weeks later for \$10. As we talk about expanding, I've also heard Bill Liebowitz who will be with us later, complain that, if the record business was like comics there would never be a #1 album, because you would often have problems



"The prime limitation on our volume isn't the number of copies of Man of Steel that we can print, it's the number of different titles and quality of books that we can produce. Our difficulty is in producing additional titles, more titles, and getting acceptance for a variety of titles."

Bruce
Bristow

getting the supply fast enough when something is a hit. Do you think that is going to hold us back as we move toward a greater number of outlets and a broader consumer base? Maybe some of the retailers could also talk about that too, since they are the ones who are experiencing the problems.

RON HON

Dave, let me jump in because I'm still thinking about what Terry said here. That's a problem; however, the largest problem that larger retailers, which there are several of in the room today, face to grow to a national chain is financial problems. Bill says that it takes about 2 years to 2½ years to finance another location through retained earnings. He's right. He's looking at my books. Terry points out—it's absolutely true—you cannot finance a chain-driven operation through retained earnings. You must have outside financial help. Here's the problem. I bet every large retailer in here as well as many others across the nation have done a lot of leg work to try to find financial backers. The problem is that these people that you're dealing with, unless they are very, very well informed, the financial growers in the U.S. look at you like there is something really wrong with you.

ALLAN CAPLAN

Let me address that. I started with one store. I knew a little bit about finance. I knew enough to go to a big "A" firm. They knew enough to go to the bank that deals with the SBA well. They were there for whatever I needed. I didn't go in. I'm not going to sell a bank. I went in with a five year/seven year plan. Have you ever showed a banker a 5 or 7 year plan?

RON HON

I think, Mr. Caplan, everybody in this room that's a retailer, you might not realize who you are talking to...

ALLAN CAPLAN

Unfortunately I don't. But I do understand that there are a lot of great retailers.

RON HON

Everybody in this room on the surface has made a marketing plan, made financial plans that are not only short-term but also long-term.

ALLAN CAPLAN

That's the 16 retailers in this room. The other 2000 out there, I'll bet that half of them don't have a clue and can't tell you what their margin was last month.

TERRY STEWART

That shouldn't have anything to do with whether or not he can get money.

ALLAN CAPLAN

I'll bet he can get money. Because if you go in with an exit strategy...

RON HON

Don't get me wrong. A lot of us here, Mike, Gary, we could probably get money. But with money, you lose control. There is a big tradeoff.

ALLAN CAPLAN

Depends on how much money you want.

TERRY STEWART

Depends on where you get the loan.

ALLAN CAPLAN

If there's enough money I'm willing to lose control.

RON HON

As a general rule...

ALLAN CAPLAN

Blockbuster goes to Gary and says "Gary, you have knowledge of the comic industry. Here's five million dollars." Gary's lost control immediately and is happy as a pig in shit.

TERRY STEWART

It's an important point that Ron has said. There are other people in this room that have been financed by outside sources and names I don't have to mention. It's a cruel world in the sense, if you go to a venture capitalist or somebody who is doing it, it's their money and your ideas, your history means less than their money. That's the reality of the world. They are going to get control positions somehow, somehow, 999 times out of 1000. That's just the law of the jungle. The only advantage a commercial bank gives you, or a SBA loan, is the fact that they are not going to take an ownership position unless you screw up. Basically you get on an amortization plan that you have to meet. That's why you need more than the traditional forms of financing available. I've worked with some people in this room trying to find some of the other types of financing, and it's real hard. Then you're dealing again with people that don't believe. They don't believe in A. And B, if they did, they want your second, third and fourth child and how good looking is your wife, on top of that. It's tough.

It is hard. That's why I'm saying, that's really part of where some of this may come from. I was a banker once. If you didn't have hard assets to finance against, they don't want to hear about it. It's not easy, but I truly believe that the environment can greatly change within the next few years because of the political situation. Look, we just went through a recession. Aren't many of us in here that remember that recession. I'm sorry. Some of you may not have grown as fast as you want to, but these have been pretty good times for when people are out of work, and there's not enough money in the industry. It's going to get better. Bubba may not make believe that it's worse off. I don't know if you really believe that or not. I'm just saying that this is going to change. The window is open.

The point that Gary has made and the point that Ron's made is that somehow between Milton and myself and Bruce and the rest of the power brokers we've got to find a way to push the information, the assistance, and unfortunately it isn't going to come in terms of a check. There has to be some other way that I can do that, and the only other problem that I've had, and I'll just say it again, I've had a few people approach me about expanding their business. But I guarantee you that if I've had 15 ideas 14 of them are returnable. That's just not in my best interest and it's not in your best interest. That is the road to ruin because you have the perfect beast here. We've got to figure out how to clone this thing in the fashion that it was created. Between the fact that you have back issues, whether it's 5% or 25% of your

business, and the following, the cult, the loyalty of our customers, they aren't going to be able to latch on to that. They aren't going to be able to make them happy. Anybody who tries to explode their growth on the chain side between the economics don't work and the fact that they won't be able to serve the people.

Blockbuster worked for a couple of reasons. One, they got the money. Two, they provided service that nobody else had ever provided in this business in the few years that they'd been around. . .

ALLAN CAPLAN

Other people had provided it—that's why they bought us out. There were eight or ten good regional chain. . .

TERRY STEWART

People don't realize it. They didn't just go build all of these suckers, they bought quite a few. They went down like they do like—Mel has helped people—they find good locations, traffic patterns. Then they put in the operational systems. There's a couple reasons here. The basics had to be in place to begin with.

“...the level of retained earnings at the retail level in our industry has not been adequate to sponsor growth at a rate rapid enough to build a chain of national size.”

Milton Griepp



ALLAN CAPLAN

Now let's talk about the basics. I mentioned in the beginning a need for an association of your industry. You've got a bunch of good people that are outspoken, that are good merchandisers. I was in one of Gary's stores yesterday, everybody else here I assume is a good merchandiser. But the other 2000 people out there don't know how to run a vacuum cleaner. I've been in their stores. They're terrible looking. I love the independent retail. I've gone around the country doing seminars on guerrilla warfare for independent retailers in video. I was an independent retailer. Your industry is video 10 years ago. I'm here because I think there is tremendous growth in it. I think that there is fabulous growth in it. I've got my own ideas. I've got people that I know that have come to me that are exploring a comic book store at the Mall of the Americas. Do you know right now in the largest mall in the world, other than Edmonton, there's not a comic book store.

MILTON GRIEPP

That's an outrage.

DAVE SCROGGY

It is indeed.

ALLAN CAPLAN

But you know the people who are exploring that, David, are not looking at a comic book store. The people that just opened up a huge store in Rockford are not a comic book store. The people that own 3 stores in Texas are not a comic book store. They are entertainment stores. Therefore, you could have another 1000 players in a market in a 3 year period, because they will be selling comics, cards, videos, music, books, magazines, computers, and electronic games. The people in Texas used to be in the video, they are major players. Now they have a store with 3 areas: 1/3 of the store is comics, 1/3 is cards, and 1/3 electronic games. All the studies point that all these three things whirl around in the same vacuum. Those stores will produce—they are playing around 700,000 for the first year.

DAVE SCROGGY

The name of that store is Major Players.

ALLAN CAPLAN

That's absolutely right.

TERRY STEWART

But at the same time nobody here should be afraid. There's a wake-up call that there's other growth business. But that store will not provide the same service that your retailers pride yourselves in, in most of your stores. Admittedly, some of you have better stores than others. That will still leave the window open for that. This isn't bad. This is good news. These are evangelists. They will spread the gospel, and they will make the product in more households more popular. If you see it. If enough people see it, as Mike pointed out, they'll convert a certain percentage of those. It's just that good of a product is what it comes down to.

GARY COLABUONO

The Wall Street Journal two weeks ago when Blockbuster bought Sound Warehouse and the other chain. . .

ALLAN CAPLAN

The Music Plus.

GARY COLABUONO

Blockbuster's chairman said that this is just another step on the road to the entertainment store of the future. How does the direct market distribution fit in to that? I can't see that.

ALLAN CAPLAN

I think real well. Only because, not only with Blockbuster it's with all of the chains. I was on the National Board of the Video Association. I had the privilege of knowing literally every video retailer out there. They are the same people who own the comic book stores. They are hard working. They got into video because they love video. You got into comics because you love comics. They provide a service that no big chain can do. They are also serviced by distributors. Whether it be Music Plus, Tower, or Warehouse Entertainment, with 300 stores just

in California, they need, in your case a direct market, but they need the distributors to hold their hands, for lack of better words. They don't know your market. Even if they would hire 10 of you, they still wouldn't know it because of the amount of stores. They need that distributor to go in. They also need an easy order entry. They've got to be on-line with you. They do no paperwork. Now this is the ultimate, they do no paperwork. Everything is electronic today. That's a little far off. In their test stores that they are now doing. There are a lot of people now testing. There's another chain in the music industry that is testing with 300 stores and getting ready to go on. My question to Terry is, I haven't seen any broadcast saying go get this comic book, it's a lot of fun.

TERRY STEWART

Did you hear what I said?

ALLAN CAPLAN

That you're starting?

TERRY STEWART

No, I said when your comics are only available in 30,000 out of...

ALLAN CAPLAN

That I heard, I just didn't buy it.

TERRY STEWART

It's true.

ALLAN CAPLAN

I think they're out there, but you've got to yell and scream and get people excited.

TERRY STEWART

That's easy to say, it's hard to do when you're...

ALLAN CAPLAN

But it's money

TERRY STEWART

No, It's not just money, it's investors. Investors expect a certain return. In a perfect world, if I owned the whole thing I might run the thing differently. But every year I have gone, and Mike has gone to the ad agency, he's been down this road so many times he's sick of it. You go to the agency you say you want to do this, you want to have some success, how do we do it? They go "I don't know if it will work" and you say "Why?" And they say "Well, one out of every five places they go they might find the product". Might find it. The co-op ads that we're doing now with the retailers, to expand, that is the best way to get on the air. Because these guys know where the product is. Now you're still selling for the committee.

ALLAN CAPLAN

Do you supply? If Gary wants to do TV and he needs to do a doughnut, will you supply him with front and close, and he'll do the doughnut in the center?

TERRY STEWART

We provided them with the ads this year. We provided them with more money than ever. It's growing.

DAVE SCROGGY

It is growing, and it's growing late unfortunately.

GARY COLABUONO

We should let Milton answer the last question, and that is how is the direct market going to be served by distributors.

MILTON GRIEPP

As I said earlier I think that the role that direct distributors will play in the comic business is similar to the role that distributors play in other industries. Which is as a central clearing house for inventory, as a place where information can be collected and collated and combined in more efficient ways. The biggest thing that distributors in other industries do is the efficient management of inventory at the retailer level.

GARY COLABUONO

Are you going to let people go on line then? And eventually be...

MILTON GRIEPP

Might. I talked about this in the keynote speech in San Diego. Our vision, at Capital, of the future is an information super-highway flowing from the retailer's cash register to DC and Marvel, to the printers that serve them. And that highway is a long way from being completed. There's lots of potholes on the way, but that's the way it exists in other industries and that's where we've got to get to.

DAVE SCROGGY

Thank you one and all. ☺

Topic

No.2

*Why isn't comics
a true mass medium?*

*Why after all these years
and all these attempts
are comics still primarily
consumed by teens
and young adult males?*

DAVE SCROGGY

Entering our second roundtable discussion. The subject of this discussion will be: "Why isn't comics a true mass medium? Why after all these years and all these attempts are comics still primarily consumed by teens and young adult males?" As we get under way with our brief opening statements, we'll start once again on my right with Mike Richardson, please. Hi, Mike.

MIKE RICHARDSON

The answer is an easy one to me. The answer is that the consumer is basically teens and teenage males because that is the product we sell into the marketplace. There is a lot of lip service given to expanding the marketplace, but what the industry as it now exists basically supports is a very specialized kind of product, superhero books. There is very little effort in the marketplace, some but very little effort, in putting other types of product in there that will bring other people into the marketplace. It's like people say they want to have variety stores, but only selling one product. The question really is whether the industry as it exists today really wants to be a variety store, with all types of books for all types of people and ages, or if it wants to continue to try and milk every dollar it can out of one specific set, one target group, which is the group that buys superhero comics. What there needs to be to bring people from the outside in, is a commitment to diversity in the product in the marketplace, a commitment to creators taking chances with product and a push. And although it is not always economical in the short term, it's best answer to the bottom line in the long term, it's the only answer to growing a market and expanding a market base and bringing people from outside the present consumer base into the comic book stores.

RICHARD PINI

First of all, I would like to thank Capital for inviting me. I would like to thank you for a very first class act.

Secondly, I would like to say we produce a comic book whose main audience is not teenage males, and that whether we're onto something with what we're doing, that is of use, remains to be seen. I'm

"What there needs to be to bring people from the outside in, is a commitment to diversity in the product in the marketplace."

Mike Richardson



very glad that the previous panel alluded to one answer to this question. Mike was just talking about one type of product.

I'd like to relate an experience, and I'm glad that it was Mike Raub that brought it up, because the experience happened in one of his stores. As everyone in this room knows, the Death of Superman issues are all over the news these days. Tens of millions of people are hearing about this story in these comics and it's all the rage. I was in a Dream Factory store, and I thought—I didn't go in there looking for these, 'cause I'm not a collector, and I just thought—what the hell, I'll go into the store just to see what's new. It occurred to me once I was in there, I'll pick up the story and catch up and so on and so forth. There was not an issue to be found, there was not an issue to be had at any price. Not even on the wall with a \$10.00 price tag. They just did not exist. I was a little bit put off, and I thought, well, that's the way it goes. But then when I thought about this question, in the context of what we are trying to do, which is get the audience away from teenage boys, I thought of trying to put myself in the shoes of somebody who happens to hear a news report on the radio coming home from work. Happens to remember there's a comic book store somewhere along the way, maybe in a mall, maybe not. Who decides to go the five-ten minutes out of the way and see what the noise is all about. He walks into the store, cannot find what all the hoopla is about, is told, as I was told, if I want the next issue, I'd better be there at 5 o'clock on comics delivery day, because they're going to sell out in an hour. And, I think it is a reasonable assumption that person would say to hell with this, it's not worth my trouble. They know that a collection will come out someday. By that time all the hype will be done and over. I offer this for your consideration, I don't say a store should do this, that, or the other. I'm saying this is an experience I think a lot of people are having.

TOM FLINN

I'm not exactly sure that comics isn't a mass media. Matter of fact, it probably is, we are just seeing the largest circulation ever for an issue of Superman coming up in the history of that memorable character, and last year Marvel had several sales which were astoundingly large, in terms of one-issue of comics. I think what we're talking about here is a mass medium perhaps. Even an ordinary comic book by one of the big two, selling 100,000 copies or more, I think probably would be considered a mass medium. It's just not as pervasive as it was. If you look back to the Golden Age, something like 1954 when there were 650 color comics on the newsstand, when there were 1.8 billion comics produced in this country. If you look at percentage GNP garnered by the sales of new comics in 1954 and extrapolate it out to today, we would have an industry of a billion and half, more than the size of cards, if in fact we had stayed at that level. So obviously things have not proceeded that way, and the industry has had a number of ups and downs.

To look at some of the reasons for that, go all the way back to the beginning of comics and the comic strips. They evolved in the 1890s, which was a time of a lot of economic turmoil, they evolved as part of another mass media, the newspaper. In response to printing technology, response to competitive pressure among newspapers to get

something out, to beat the competition, *The Enquirer*, *The Journal*, *The New York World*, Pulitzer and Hearst, you know the story. Yellow journalism comes from The Yellow Kid, which was one of the first comic strips [to use] this new color. It evolved in a very quick fashion into a very important part, and remains a very important part of newspapers today. Still today, three out of four people will open the newspaper and read the comics. It's one of the most important sections of any newspaper.

The comic book developed in another time of economic troubles, in the 1930s, and once again it seemed like technology led the way. Eastern Color Press, if any of you have read any of the histories of color comics—I've read a few of them—they all talk about Eastern Color Press, because someone there thought of this great way of taking a normal Sunday comics that they printed and instead putting in four pages of comics and printing out a comic book in a 7" x 9"—pretty much the format we have today. It took awhile after they invented this process before they got the editorial material together. And Superman, whose demise we are celebrating, was the key. As everybody here knows, *Action Comics* really started the whole boom in comics and made it into a true mass medium. We had the incredible thing in the late 40s where nine out of ten kids between 11 and 15 were reading comics, 10 to 15 comics a month. So we did have, in a sense, we really did have tremendous penetration of comics.

But even in the golden age, there were ups and downs. If you look at that, the superheroes, which really led the whole expansion of the market, kind of died in the atmosphere right after World War II, when you had a whole movement towards realism. You could see it in the films, you could see it in the Italian neo-realist films, you could see it with *It's a Wonderful Life*, a fantastic fantasy film which flopped in 1947. People were not ready for it. You had crime comics, you had romance comics, you had all these other genres, horror comics were coming on. So it changed. The whole market was constantly going up and down.

What happened in 1954, we all know that too. Comics were attacked, made the scapegoat for society's problems. We had the famous *Seduction of the Innocent* book. We also had the "witch hunt." There was a Congressional investigation of comics, just as there was the Congressional investigation of Communism in Hollywood, crime in the Mafia, the Kefauver Commission. There was also attempt by Congress and the showboaters in Congress to get their name in the paper by blaming everything on comics. And, I think at this point, we all know the Comics Code came in and that sort of gilded comics and sort of took out a lot of the more interesting or sensational aspects of comics, right at the point when comics were facing incredible competition from television. So you really had this working against comics and within a couple of years after 1954 the industry shrank to 30% of what it was at its height.

It came back again in the Silver Age, as you well know. Actually, television helped with the Batman craze in 1966, which again led to growth, and there was another decline again in the 70s, and now we're on the way up again. I don't think you need at all to be pessimistic about things. In fact I am rather optimistic. I don't believe

that just because, say, romance comics is now being filled by combination of soap operas on television and Harlequin Romances, that necessarily all the niches of entertainment of comics are going to be filled in similar ways. If you look at Japan, they were selling in 1988 as many comics as we did in 1954 with only 2/3 of the population, and that's a very video-oriented culture. So, I don't think comics are necessarily bound not to be able to coexist with television and video. I think there is hope for the future, and if you look at comics and the way the genres have come and fallen and that the superheroes are still with us and stronger than ever perhaps, I don't necessarily think they are always going to remain as dominant as they are today.

BILL LIEBOWITZ

I also want to thank Milton and John for bringing me from sunny southern California where it was 80 degrees and sunny yesterday.

I agree with Tom. I'm not sure we aren't in the mass media. I've been fortunate enough to have a business plan and a store that has been able to attract a breadth of people into our stores, in Los Angeles. I'm constantly amazed that comics are still a viable entertainment medium when they should have been technically obsolete a long time ago. I feel our competition for the entertainment dollar and the mass media dollar, such as video stores and video games, and the like. I'm surprised comics aren't on microfilm or on electronic tabs in your head or something like that. To still be selling the stuff, I think, says an awful lot for the excitement that's inherent in the product.

I have been in this business for about 13 years, and every succeeding day I am in business, I think this is absolutely the best time I have ever been in business. It just keeps getting better and better for me. The exposure we have had with the other media, that we're all aware of, I mean right now Bob Newhart has a prime time show where he's a comic book artist and that happens every week. They're talking about humorists and colorists and people in long underwear doing strange things and giving people a sense of fun.

I don't for a minute feel I'm complacent, and I agree with Mike that it's really inherent in the industry to provide more product and breadth of product to satisfy some of the people who are coming in. Our stores have been able to go outside of the strict comic genre and bring in things that are interesting to the demographic who comes into the store. We have been able to prove 90% of our sales come from males between 18 and 35. I was talking to Mel about other studies he's done around the country, and it's not that much different in the other stores. I can't say how the smaller chains and things like that compare to large stores. I look around at what some of the dealers are doing to increase the market penetration, and I think things are just getting better every day. Chuck Rozanski is talking about opening up an 11,000 ft. retail store, Gary Colabuono is in an upscale mall, Jim Hanley is in midtown Manhattan and is selling more copies per square foot. He said his biggest problem is getting the books. To speak a little bit to Richard's point, I couldn't agree with you more, we as retailers haven't been able to fill the void of Superman. It is a hell of a lot better than it was with some of the other high profile projects. Right now we are getting reprints of those things before the big climactic issues. I think it's, certainly not perfect but, there is a lot

more coordination available. I don't know about anybody else, but my sales of these lower level Superman titles are going like three to five times what they normally would, and I'm happy with that. I'd love to satisfy everyone that comes in, but I can't feel bad about everybody who comes in and can't get those books.

I look at this as a time when if we don't take advantage of media attention, distribution systems, and things like that it's only our fault if we don't grow. I think each segment of the industry has to look at itself and re-invent itself. When I started in business 13 years ago, 75% of my sales were back issue copies; that's not the case anymore. There were only 70 regular issue titles, now there's almost 5-6 times that come out on a monthly basis. My business, the people who come into my stores, are significantly different than they were 12 to 13 years ago. The distribution system that was invented to service the store I opened 12 years ago is virtually the same. I buy things with 2-3 month lead time, with maybe a little bit better information, but on a completely non-returnable basis. The velocity of the sales is such that it is very difficult to process reorders through the system. But I look upon this as the best time to be in the business.

CHRIS CLAREMONT

Thank you to John and Milton for the lovely day trip. Actually, it took longer to get to LaGuardia than to get here, that's New York for you. I come from a slightly different perspective, that of what Paul Simon likes to call dinosaurs. Those of us who primarily write for a living, as opposed to those who draw and write on the side.

A couple of observations relating to comics as a mass media. About 14-15 years ago I was in Paris and I wandered into Brentano's and it was amazing, because I found two wall sections—two complete wall sections in a very up-scale traditional book store, that were crammed—crammed with comic albums. Everything from Lucky Luke and Asterix up to Claes, which indicated to me that at a time before you had dedicated specialty stores in Paris such as Album and Comics USA, that there was tremendous interest in the graphic medium that went across the spectrum, the publisher's spectrum.

Last January I attended the International Conference of Comic Books in Angoulême. We like to think of San Diego as an impressive event when we get 16-20,000 people in the Convention Center for four days. Angoulême regularly has over 100,000 guests. People who come in, spend five days looking at comics, buying comics. We're not talking young boys between 15 and 18, we're talking families. We're talking people who build bus trips around attending this convention. We're talking a breadth of material that has books for children, teenagers, adults, material that is appropriate for both genders, high adventure, historical romance, historical adventure, science fiction, more salacious material, whatever you like is there. It is accessible to the market place.

Then we have the United States, something completely different. I think some of the questions that we have to ask ourselves and that need answering are: Are the producers of the comics in the United States publishers in the classic book sense, or are you producers and purveyors of commerce? Are you producers of works of what I am going to term literature and art, or of bars of soap? Are we content to

remain focused on a specific, limited, essentially static market, which is what we have got now, in the direct market, or do we want to broaden the base and become a truly mass media? If you are going to do the latter, how are you going to do it?

My opinion, speaking as a creator, I think there has to be an alteration in the fundamental relationship between creator and publisher, a more equitable balance between the two, perhaps more on the line of mainstream publishing. An idea that if the creator creates a new character, a new concept, there should be provisions for the creator to share the risks, but also share the reward. The publishers have for 50 years operated on the system, fundamentally, where they own everything, and that with greater and greater frequency is starting to break down. The challenge for us as an industry is what are we going to do with that. Are we going to just find ways to produce the same stuff, guys in skin tight costumes hitting each other, but that the creators own? Or are we going to take the opportunity to, perhaps as was said by Richard and by Terry too, broaden the base, to try and find different niches, different art, different markets? And to find ways to present our work as creators, to find markets for them, and to find outlets for us?

The last thing actually I wanted to say, and this goes back to the previous path, is in comparisons of comic book stores to book stores, and video stores. There is one fundamental difference between the two and that is, certainly book stores and to a certain extent videos, thrive on a back list. You go to a book store not simply to buy the current releases, but to get stuff that has been in print for a while. Certain stores, you go to a basic Waldens, and you are limited in the opportunity to do that. But now with the growth of superstores—the B. Dalton superstores, Powells in Portland, Tattercover in Denver—you are starting to see more and more book stores that are trying to satisfy as broad a spectrum of demand as possible. Not only of current material, but old material.

Comics on the other hand is essentially a current release market. If you want to find an older issue, or original issue or base issue of a book, you have to pay premium collector prices. In other words, the market is not user friendly in that manner. If you have the secret password, if you know what you want, if you want to jump to Superman at its current moment, you can do that. If you want to see where that moment came from, you have to pay premium prices. That's a mistake as Richard was saying.

We've got to find ways to present the material to the audience in a way that makes it more accessible to them, easier for them to, for want of a better term, to interface with us, to jump on the train. Otherwise we are eventually, no matter how much we talk about this, no matter how many grandiose schemes we have for expanding the shop face, we're still essentially going to end up preaching to the converted. We are not going to be able to get that guy Richard was referring to, driving down the street, wandering in, and looking for something to buy.

I think, lastly, the vast majority of the discussion we have heard today, has all focused in terms of how to do this mechanically: how to make a better store; how to expand your base; how to retail better. No

one talks about content. No one talks about what it is you're selling, what it is we're producing. You can't divorce one from the other. We are a holistic, synergistic medium. Publishers can't exist without the work that I, and Wendy, Jim, Peter, and Paul when he was writing, and Will especially, produce. We cannot exist without the publishers to produce it. The stores can't exist without us giving you the stuff to do. And without these stores none of us make any money. We have to work together on this.

DAVE SCROGGY

Thank you, Mike.

MIKE FRIEDRICH

My take on this is similar to what has gone before me, but I come at it from a slightly different angle. It strikes me as very tribal. Twenty years ago, a number of people like myself looked around and we saw a field and a medium in collapse, and we got scared. We began a drumbeat which got louder and louder. "We want our comics, we want our comics, we want our comics." More and more people answered that call. One flank surged through the doors of the existing editorial



*"My business, the people
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offices and took over. First as freelance artists and writers, and then as editors, and editors in chief. Then we stormed the executive offices, capturing control of marketing, promotion, and even a DC publishing desk. Meanwhile another flank constructed new structures from scratch—stores, distributors, and publishing companies. Many collapsed along the way. I still carry my scars. But those who survived have burgeoning, thriving operations. So it worked. We saved our comics. But they were our comics. Our favorite teenage boy, superhero comics. While all this impressive effort was being made, we lost comics for children, we lost comics for girls, we lost the different kind of comics, plus funny comics. We didn't care about them as much as we cared about our superheroes.

Of course, exceptions exist. All of us in this room were concerned about this topic because in small or large ways we do support different material, we do want to reach different audiences. We at Star*Reach polled our 50 different clients, artists, and writers to find out what they felt. We weren't surprised to find tremendous interest in addressing this issue. Although of course those 50 people can't be here, I'm here

to be their voice. I have a few quotes to give you. A new superhero artist, Audwyn Newman, feels that even the superhero content needs to broaden to attract more people. His main concern is how "white-bread" superheroes are, how they don't reflect the multi-cultural face of America. Veteran artist Barb Rausch remembers well the days of her youth, when little girls used to read lots of comics, and is very distressed that this opportunity now only exists in a handful of titles. Screen writer and comic writer Ben Schwartz tells us comics aren't a mass media because they have no mass appeal. Bill Watterson and Gary Trudeau reach broad audiences because they write about broad concerns. A new writer, Pat McGreal, notes that certain vocabulary a reader needs to appreciate comics. You have to be trained to understand even what a comic is. How the pictures are to be read, how to follow a word balloon sequence. Artist Norm Breyfogle believes since young people control the entertainment dollars in America, we naturally gravitate toward them, delivering the lowest common denominator material. It's a lot harder to go after adults, which are a much wider and diverse range of interest.

Creators are just as hard on themselves and their colleagues. Children's book and comic writer Steve Englehart describes the mental glass ceiling he's encountered when attempting to create more adult approaches to certain themes. English comics writer David Thorpe says he finds that "all too many comics creators feel safer in the world of exterior underpants." Having said all the above, I believe by looking at why we're in this situation is useful, but only if it helps us break out and reach new readers. Writer Christy Marks, who has worked extensively on computer games, animation and comics, notes that print is no longer a mass media. If people aren't reading we aren't going to be able to appeal to them without innovative graphic pictures. Artist Brian Apthorp is very pessimistic about our chances. He believes comics are either too cheap in production values or too expensive in price to appeal to a mass audience. Writer-artist Mark Wheatley disagrees. He feels the current market of comics is healthy and a strong base from which to launch an expansion. One of the most interesting and the harshest criticisms I received was from a longtime veteran artist, Ric Estrada. He works mostly outside of comics these days. He feels the comic content contains such extreme violence and extreme sexuality that it only appeals to what he calls morbid kids. Yet, he believes a shift is possible. He uses a really interesting and surprising example. For many years the sport of bowling was considered sleazy and of limited appeal. But he notes, starting in the 1950s and led by that industry's largest producer, AMF, the sport redefined itself as a family activity. Something fun for teenagers, senior citizens, for women. And they were successful in this effort. Ric believes comics can do the same.

Of course all of us have to change if we're going to broaden our readership. Creators have to develop comics with different appeal; publishers have to support and promote these comics; the distributors have to seek out new kinds of outlets and encourage current existing customers to expand. Personally, I believe the best opportunity for change right now is in the retail community. We're doing a fine job reaching our superhero fans. They will keep coming into the store. But if retailers take the opportunity to reach to new customers, the

"Are the producers of the comics in the United States publishers in the classic book sense, or are you producers and purveyors of commerce? Are you producers of works of what I am going to term literature and art, or of bars of soap?"

product for them does exist. We have *Maus*, *Elfquest*, we have *Love and Rockets*, we have *Barbie*, we have *Donald Duck*. To extend this thought, if every comic store in the country provides the *Calvin and Hobbes* collections as the first impressions presented to a new customer walking into the store, the demographics of our readership definitely change and expand. Unfortunately most specialty stores act like they aren't interested in new readers outside the existing range. Fortunately, and we have many examples of it here in this room, the 150 to 200 stores in the market that do pursue new customers are some of the more successful in the field. It is on their shoulders I think that we will be carried.

DAVE SCROGGY

Thank you. Well, that's an interesting place to begin our conversation. It seems to me that there is product being produced today that is certainly not the traditional superhero material; it certainly is aimed at a different type of customer and in my personal opinion quite probably more popular in a broader customer base than what we are seeing as the smash hits currently. We have seen this product be largely ignored by the retailers and in the face of the evidence of 150 or 200 stores that support this material, such as Bill Liebowitz's store, are extremely successful with it. So (although not as much as we would like to see) some product exists that might have broad appeal in a mass market or to a wider customer base. It may be an original character like *Bone*, it may be a licensed product like *Dark Shadows*, it may be Western genre such as the Moebius graphic novels. When you see stores make a commitment to that product and it does sell, and it does sell to a different type of consumer than a young lad who may be buying superhero books, yet, still in the face of that, we see this largely ignored by retailers and, as Mike points out, perhaps not very well promoted by their own publishers or by being published by the very small companies who are unable to promote them. So starting back around the table, what do we have to say about that?



RICHARD PINI

Let me start this off. I think a lot of people have things to say. I like to think we are in that conceptual boat that you just described. And I'm going to say something that I hope doesn't get me lynched by a number of people in this room. It has to do with the direct market. I love the direct market. I stand behind it 100% and do everything I can to help its growth. But I've got to say something about what we do, which is *Elfquest*. If the direct market were to disappear right now we would lose about 40% of our revenues from the publication of *Elfquest*. The other fraction that we get comes from getting *Elfquest*, not in comic book form but in graphic novel form, into book stores.

The previous roundtable talked quite a lot about getting into book stores. We're doing it, we've been doing it since 1981 and we have been doing it steadily. Chris talked about backlist. You can always go into a book store and find *Elfquest* graphic novels. I wish you could say the same for the comics. Touching on what we talked about earlier, someone who is an absolutely peripheral newcomer goes into a store and decides they'd like to try it and can't find it. I think that is as damaging, as it would be rewarding if the material were there. I think that is one very important avenue that is not being pursued. In the Paris Brentanos where there is a section of this stuff always available. Tom, you mentioned 100,000-200,000 as being mass market, I just don't see that. Dr. Seuss is mass market. Dr. Seuss has been around forever and will be around forever. You can get Dr. Seuss books without going through hell and high water.

CHRIS CLAREMONT

If you're talking Marvel terms, it's probably about to be cancelled [100,000 in sales]. Actually, if I could interject along the lines of what Richard was saying. One of the things that drives me nuts about going into a great many comic book stores, and this harkens back to user-friendly, invariably the way books are displayed is absolutely alphabetically. You have no idea what one book is in relationship to the next other than the fact that it's a step down in the alphabet. There's rarely, that I can recall, attempts to differentiate by, for want of better word, genre, to say, these are young adult books, these are books which are more appropriate to say a young girls audience, such as *Barbie*. These are adventure books, these are the science fiction books, these are the western books, these are superheroes. I understand you run into the practicalities of space, and Bill can speak to you more knowledgeably.

Again, if we want customers to come in, we want them to buy our books, we shouldn't make it hard for them. One of the things that would drive us crazy (many moons ago working for Marvel) was Jim Shooter's insistence that every issue had to be accessible to someone who had never read it before; never read an issue of *X-Men*; never read an issue of *Daredevil*. Doesn't mean you have to say, *Daredevil* blah, blah, blah. You can find an artful way of establishing the status quo, but you had to establish the status quo. You had to give them a hook on which to hang their interest, and hope the story will bring them back next issue, next issue, and next issue. So that in a year they could write in and bitch about it: "You're repeating the same status quo over and over again." We need to be more user-friendly; we need to attract

people, not give them reasons to say "I don't want to go in there." Or once they go in say "What am I doing here, why am I here?"

MIKE FRIEDRICH

I'd like to jump in here too. I think what we need more of are people like Richard and Wendy Pini, who if they've got a different vision, what they want to do in terms of the audience they want to reach, readership they want to touch, and if they can't find the support in the existing community, they can damn well go out and do it themselves. We need more of those kinds of people out there. I'm sorry to see that we don't have that.

DAVE SCROGGY

I might point out too, just touch on Chris's defining by genre, I would have to think that one of the reasons *Elfquest* has been so successful in the bookstores was the fact they managed to be placed in the fantasy/science fiction section rather than with many other graphic story materials. The problem of being tossed in a spinner rack or segregated outside of their genre. . . .

RICHARD PINI

At the time there really wasn't such a thing as a graphic story section, graphic novel section. I don't believe at that time comics had gotten into the stores on the spinners and so on. But, however they were placed, I think it is slightly less important than that they were placed, that they were accessible somewhere where someone who is not a comics fan was going to go. Going back to my opening statement, "Why are most comic readers young boys?" Because they are the only ones willing to expend the energy to be in the stores Thursday at 5:00 p.m. when the comics come out. 99.99% of the rest of the population of the United States is going home from work or having supper, or doing other things.

MIKE RICHARDSON

But, I also believe that 99% of the rest of the population isn't really interested in superheros. They're interested in product different than that, and in order to bring those people in there has to be a diversity in the stores that they will be interested in. I happened to have lunch last Tuesday with the Northwest manager of Motorola, and we talked about me coming to this thing and what I was going to talk about. Just on the spur of the moment, I asked "Have you ever gone into a comic shop?" He said "No, why would I." I said, "why wouldn't you?" He said, "Because there is absolutely nothing of interest to me in a comic book store." Well, we perpetuate that by fulfilling everyone's expectations with the materials we put in the market. And it's a chicken or the egg syndrome. Everyone here has heard, "Why don't you carry this comic?" And a retailer saying, "Because I can't sell it." The reason they can't sell it is because their customer base is made up of people not interested in it, because we spend so much of the resources of the industry promoting one single type of comic. If the question here that we're supposed to be dealing with is "How do we bring people outside of this specific consumer group into the market?" again, it's very simple. Spend resources on making available and educating people of the fact that we have diversity of product, and then support that diversity of product with at least some portion of the resources of everyone, publisher, distributor, retailer.

CHRIS CLAREMONT

Realistically speaking, and maybe Mr. Caplan can answer, how successful would a video store be if all it sold were...

MIKE FRIEDRICH

Rambo pictures...

CHRIS CLAREMONT

Well, 'B' action-adventure pictures, the occasional 'A' picture, the occasional *Die Hard*, the occasional hit, nothing other than that, two or three thousand action-adventure pictures, period. And, you had to pay a premium for anything that was more than a week old...poly-bagged on the wall.

ALLAN CAPLAN

Do you want me to answer that?

Basically you know the answer. They couldn't exist. The video business is an absolute new release business. It's a shame, but it is. Everyone wants what's on the wall. Video stores, for your information, do about 65 to 70% of their all dollar volume on the product they have on the wall; the center product does the other 30. By the way, video stores are now only down to doing 80% of video, the other 20% is from ancillary products.

DAVE SCROGGY

Part of our problem is that we are product driven, and we are driven by this certain genre product, and we feel that there are other people who would appreciate comics as a medium but perhaps with other content, and assuming that we are like the Kinks and want to give them what they want, how do we determine what they want and then how do we go about giving that to them? And where are the efforts for this kind of consumer research taking place?

BILL LIEBOWITZ

Mike's point is very well taken. It is going to take cooperation at all the levels. The Retailer has to say to himself, "Although I may not sell all my *Elfquest* in three days like I will the *Superman* #75, God willing, I'm willing to take some of the profits I made in selling chromium plated comic books and put that into Tundra products, or *Elfquest* products, or Fantagraphics, and have *Love and Rockets* in the store, because that is going to broaden my appeal field." The distributors have to figure out a way to make that product available on a continuing basis, or in a backlist basis. And the publisher has to take their part too, and broaden the product. My impression is that the thing that has brought more people into my store in the last couple of years, the specific product has been *Watchmen* and the *Dark Knight*. And it's very hard to repeat that experience with people because there isn't that product now being turned out. They didn't get that same hit. We still have people coming in and saying "What's Alan Moore doing, where's the Alan Moore thing?" Frank's finally getting around to doing the *Sin City* stuff, but where is the new Frank, where is the new Alan Moore, where is the new product?

DAVE SCROGGY

Do you feel that product to sustain those new more casual customers is non-existent or comes along so rarely that...

BILL LIEBOWITZ

No, no. It's just harder to find. We know now that what's bringing in the non-comic-reader the guy that's looking for something, an *Eightball*, and if you can prominently display that and then merchandise that with related kind of product you can build a feeling, "Hey, there is a store that has neat stuff in it. They have superhero comics and other things, but I'll go there to get my *Eightball*," and sooner or later you can turn them on. We're still selling a dozen copies of *Watchmen* every week in our Melrose store, because people are still turning on friends to it.

CHRIS CLAREMONT

Again you're looking through the back end of the telescope. The question is how to get the material. You get the material the same way any publisher does. You look at the work that a creator, writer, artist, team, separate people, the same, bring in; you evaluate it; you try to sell it. The problem is, and even with the attempts of the two mainstream companies of Epic, Piranha, and hopefully now Vertigo and Milestone, there is not any consistent driving means to present alternative, fully supported types of work. You won't get, for want of a better term, a comic book equivalent of a John Cheever or even a Thomas Harris because a great many creators look around and say, "Hey, no one's going to print it unless I go out and do it myself or go to some off-the-wall company. If I want to have a viable shot at a mass market, I've got to do what the mass market wants." That

"Unfortunately, most specialty stores act like they aren't interested in new readers outside the existing range."

becomes a self fulfilling prophecy. As Bill said, this is where the publishers have to stand up and say "Okay. Superheros may be our bread and butter, but there should be room for an imprint like Advantage at Random House where we can push material which is not slightly different, like unfortunately a lot of Epic seems to be today, but can be totally off the wall like Alaina Furria, and sustain it and push it and try and see if this can be something that can be the toe hold to bring a different kind of audience in."

MIKE RICHARDSON

I can give you a specific example of how things break down in the market right now. We publish works by a mainstream author by the name of Andrew Vachas. Andrew Vachas has written six best-selling novels. He has an ongoing series featuring a character called Burke.



Mike Friedrich

He has a very solid following. His entry into the comic book market has been picked up in newspapers all across the country, outside the industry, in regular articles. He's gone around the country speaking and mentions comics, and he's been picked up in different cities on television as news events. When he does a personal appearance because of his association with children's programs, he has huge crowds come to hear him speak. He's paid to speak around the country. We chose him because we thought this was a very good way to bring new people into the marketplace.

We try to look for new ways to bring new people in the marketplace. What happens is initially, understandably, retailers are nervous about carrying new material. The publisher needs to educate people on what the new material is about. But, when the material comes in, what we've heard around the country is that retailers order three or four copies. They get new customers in for the first time that they've never seen before—hardcore book readers who are working and looking for original prose that they can get nowhere else than in these comic books. They come in, and the store's sold out. They have only had three or four copies. Then the stores try it, and they are realizing they have new customers they haven't seen before and here is a great area to make a new customer. They tried to re-order, try to access a back list, it breaks down right there. They can't get the books back in. The re-order system breaks down on titles that are deemed not hot or not important by the marketplace.

The heat in the market place is the latest chrome cover, the latest first issue, the team, which I'm not saying there is anything wrong with those, all the resources are focused towards types of products. That's what we do have in common with the video business. The video business only cares about the 10 hottest titles for that week, and that's what the comic book industry is becoming. If we're going to reach out and expand the market we are going to have to make available also material that does cross over for people that come in. It has to be available just like the books that Chris was talking about.

DAVE SCROGGY

Tom, as a distributor, would you agree with this, that there is generally a lack of backlist support, that stores take very popular, perhaps perennial sellers, and do not maintain a backlist of them, even though they might very well justify their existence? And if so, why is it? Is it the same as video where no one will buy the old product off the wall, or is it just that there is so much new product that the retailers are not able to stock the backlist even though it might sell and be in their interest in the long term by building new readers?

TOM FLINN

Well, it's partially systemic. The retailers are buying on a non-returnable basis. They can't afford to have a lot of inventory and keep a lot of inventory around for a very long time. Distributors themselves are working on a slim margin and probably can do a better job, although we really try hard. We have system called Reorders Plus, where if people want a specific book, that might be hard to get, we will actually order it for them from the publisher. It takes about five or six weeks to come into service. So I think there are some problems, but with a general computerization, as things become better and the

information flow gets quicker between the retailer and distributor and the distributor and the publisher, a lot of these problems will be solved.

One of the things Chris brought up in regard to Paris, you have a comics industry which is two to three times as large as ours is. One of the things they have going for them that we don't is the fact that no matter what socio-economic group you're from, every kid growing up reads *Tin Tin*, he reads *Asterix*, and that's one thing I don't see enough in comic stores I go to. That is, sections devoted to children; books for children. Of course those foreign books are available in translation. There's the *Uncle Scrooge* material, which is what got me hooked on comics back in the 50s, that's still available. I would agree that our smorgasbord of comics available right now is not as wide as it could be, but it is better now than it has ever been since I have been in the business since '82. We are living right now in the Golden Age of strip reprints. Denis Kitchen and a lot of other people are reprinting strips like *Li'l Abner*, *Polly and Her Pals*, *The Spirit*. There's an incredible amount of material available out there; a lot of great comic material like *Watchmen* is available in the graphic novel form and in backlist. It's difficult, I know, to keep back issues in stores and especially if it's a hot book that you sell at a cover price and everyone else is making a lot more money on it.

BILL LIEBOWITZ

Chris had used the term before "self-fulfilling prophecy." Not to pick on Capital, because they're the host, but I'm looking at *Internal Correspondence* and its list of Top Comics. It's a six page listing, has 583 items on it, and it ranks them and gives an index. The legend says, "This index can be used by retailers to estimate good ordering levels. Simply take the index and apply it down." There are four pages of things that don't get 1%. If I were a new person into this market, I would take a look at it and only order the first page. And we all know what's on the first page. I think that's symptomatic of the way we are chasing the current hot stuff, because we are trained to sell, on a non-returnable basis, everything in the store. That includes the t-shirts and books and the cards and everything else. We are trained to get it in and get it out. And if you don't you're going to be in trouble selling stuff at the bottom of the list and that's not necessarily right. It takes a commitment to go to all the levels, to get it produced, distributed, to explain to people that you're making money on superhero product but it's in your best interest to reinvest some of that money, to try and broaden your base.

It's also in your best interest to educate people to the fact that if you're going to discount comics to the public you're going to lose a certain amount of gross product. All you are going to do is float to the bottom and are not going to be able to advertise and promote properly to increase your product base, and all you're going to do is end up making less money selling to the same people.

DAVE SCROGGY

We'll give Chris the last word.

CHRIS CLAREMONT

The fundamental difference, I think, is that when you look at *Tin Tin* and *Asterix* and a great many European books they are, for

want of a better term, author specific titles. Herge is *Tin Tin*, Percenzi and Ordasso is *Asterix*. There is not in Europe the trend towards maximized exploitation and conglomeration of concepts. The minute you have a hit series or a hit concept, generally speaking in mainstream American comics, the instantaneous response is can we spin off, can we do another, can we do a fourth, a fifth, a sixth. How can we exploit this to its ultimate extent? To the point where this may be very good for the parent corporation. They will generate a tremendous volume of income. It will be very good for the retailer. They will do a tremendous volume of sales. But ultimately it is destructive of the concept and the creative relationship, because the creators will not be able to produce the material. It will become more diffuse and more corporate. Again, if we want to get young readers into this, if we want to broaden our bases, we have to find ways of presenting them work they want to buy, and ways of making it worth the creators' efforts to produce the material, as much as it is worth the publishers to publish it. I think the current system, weighted as it is towards the fundamental ownership being on the part of a publisher—again speaking of the mainstream two big companies—is ultimately self defeating, and will end up perpetuating conditions we have today.

DAVE SCROGGY

Thank you one and all. ☺

Topic

No.3

*What was the status
of the comics medium and the
industry twenty years ago?*

*Where will comics be
twenty years from now?*

DAVID SCROGGY

Our final topic for discussion today is a rather broad one: As an introduction, review the status of the comics medium and industry twenty years ago. Where will it be twenty years from now? Well, I think we can hopefully concentrate a bit more on the future than on the past. Most of us are familiar with the major changes in the comics industry in the past twenty years. Everyone here has a lot of longevity, but, if we could, identify those trends and historical developments that



"Comics, after all, are a participatory medium and offer the reader involvement in a way that no other medium does. We are in a visual era. Nothing can stop the growth of comics as a viable medium except perhaps a deterioration of quality and/or the uses to which comics will be put."

seem truly germane to where we are headed. That is our question. And we'll begin with our opening two minute statements with Mr. Eisner.

WILL EISNER

Well, thank you very much. First of all, I'd like to thank John and Milton for inviting me here. Their invitation is a testimony, really, to the concern that the marketers and distributors have for the creative product and that somewhat belies the handwringing that has occurred up here so far. As a matter of fact, I so wholly agree with the general comments of the second panel here today that I find myself a little bereft of something to add, except to nod vigorously.

The first panel left me feeling, as a creator, because I'm really a man right out of the drawing board, I felt a little like a gourmet chef invited to a fast food conference. It's a little frightening. I have spent most of my creative life paying attention to retailers and distributors. At any rate, since most of the history of this field has been covered, and since I'm laying claim now to being the only 2000-year-old cartoonist in the business, I can go very briefly over it, except that I think I better skip the origins because the origins of comics, really, as far as I'm concerned, the modern comics began twenty years ago.



About twenty years ago, around the sixties and the beginning of the seventies, the comic book medium and this industry came of age. In 1970, the social protest of undergrounds had made an impact on the editorial outlook of the establishment comic books. This attracted a whole new group of readers. They were a little older and expected something more experimental. Now, nostalgia stimulated a collector audience who discovered long dormant characters and added new life to existing properties. European art was coming in to compete with American talent, and an upgrade of artwork began. New printing and engraving technology was about to make it possible to produce a quality of product never dreamed of during the early and the Golden Age of comics. Most important, the late Phil Seuling devised an alternative method of distribution called direct market sales. Head shops were evolving into legitimate comic book stores, and they proliferated. It was the end of the newsstand era of comics, and comics would, at last, have full cover display. It was the beginning of the new age of the comic book as a true literary, cultural, and publication product. And this is really, gentlemen, where I live. I think of this medium, and I have always thought of this medium as a literary form.

Well, first, let's talk about the future—the next twenty years. It's pretty easy for me to talk about the next twenty years because first of all, if I'm wrong, I can always deny what I've said, and secondly, I may not be here. But I have every intention of being here, however, because I've got a long range contract with Denis. I don't think he'll let me out of it.

I believe that in spite of the competition from electronic devices, print will remain as a major vehicle of comics for the reason that print is cheap and portable. It is private and permits each person to read it at their own pace. Comics, after all, are a participatory medium and offer the reader involvement in a way that no other medium does. I'm talking about intellectual and imaginative involvement.

Next, because of its cultural acceptance, creative proprietorship, and monetary opportunity, comics will attract an increasingly higher caliber of talent. Artists and writers who would heretofore seek careers in other arts will be making comics their choice. We must recognize that comics is the new literacy. It really is. Comics occupy the third communication force between type and film. This is a medium that provides an acceleration of printed communication which functions with enormous speed of cognitive imagery. We are in a visual era. Nothing can stop the growth of comics as a viable medium except perhaps a deterioration of quality and/or the uses to which comics will be put.

And, finally, as an industry, it will grow. If the vendors are diligent and keep open the access to the market to the new, young, and experimental product, and the vendors can avoid enslavement and greed, there will be a bright and happy future, which I hope to share. At any rate, I think we have a tremendous future, and I believe from the creative point of view it is a very exciting thing to know that there are very serious people who are in the process of bringing product to market. It is only very frightening to creative people to wonder "What do I do next?" This is something I'll leave to the rest of you.

DENIS KITCHEN

The Kitchen Sink empire has diversified into noble areas like candy bars, neckties and trading cards, but the focus of our roundtable is to look at the past, present and future of the comics medium. Gary Groth once called me the most optimistic man in comics, but taking off my rose colored glasses today and looking at comics the medium from my experience, I see a growing and disturbing disparity between the giant publishers and the independents, between the enormous success of the best selling titles and the declining support for those the same industry bestows its awards upon.

Twenty years ago, before the direct market existed, Kitchen Sink sold comics to several hundred outlets. Titles in those days sold a minimum of 10,000 to often 50,000 or more. Sometimes we cracked six figures. Backlist was an important part of our sales twenty years ago. Twenty years later, today, the direct market serves several thousand outlets, I'm told. I'm presumably wiser. My titles are arguably better, but my average circulation per title, twenty years later, is half what it was two decades ago.

In a remarkable example of the disparity, a new Todd McFarlane comic can sell 300 times more than a Will Eisner comic. And, twenty years ago, I sold underground comics to an easily identifiable specialty audience. The retailers I sold to in those days all loved comics. The consumers I sold to loved comics, and they read comics. I had three competitors, and they were all approximately my size. Today my competitors include several publicly traded companies and about fifty other medium and smaller publishers. Many of the retailers that I am aware of today are no longer enthusiastic about the medium they sell, and far too many comics are bought as purported investments, not for reading pleasure. And my backlist is more of a liability than an asset. So, looking ahead twenty years, I ran these numbers through Mel's computer, and I see that in two decades from now, I'll have one hundred competitors, no collectors will read, backlist will be an archaic term, and my circulation will be one-fourth of what it was when I began. My comic book division will be burning its awards to keep warm.

MIKE HOBSON

Speaking for the mass media, twenty years ago we were dead. We were on our way to extinction. We only had the newsstand, and it was shrinking. I've only been in the business for twelve years. When I first came in we had just hired Mike Friedrich, the first person hired by anybody as far as I know, or certainly any of the big publishers, dedicated entirely to the direct market. He replaced himself shortly with Carol Kalish. We did, I think, three million dollars in 1981 in the direct market. Publishing was not a profit center at Marvel, most of the profits came from licensing. Today, because of the direct market, which is approximately 75 to 85 percent of our business now, we are extremely profitable. We're growing steadily as the whole industry is—at least the mass media part. There are more stores, they're more professional, there are a hell of a lot more titles. The direct market has started to get into new retailers really for the first time, I think, in the card stores where there's a whole class of retailer that didn't exist three years ago and now does exist. There are some pretty solid companies

that have come into the business: Dark Horse, Valiant, Image (as long as it remains solid), Topps. And even on the newsstand, our business is expanding enormously. It's not very profitable still, but suddenly there are a great many retailers who would never have let us even in the door three or four years ago who are now taking comics in large chains.

So the future, I can't be too long because Peter needs at least four hours for his presentation. Twenty years is too much for me. I think the direct market will grow. I think it will probably grow in two ways, or I hope it will. (One will be toward more literary stores, and the other will be toward the more mass market world.) There will be better stores in better locations. And a lot of stores will only carry current titles—I'm sorry to say. I think I agree with Denis, I think it's scary that there's less acceptance of other genres now than I perceived that there was five or six years ago. If it's not superheroes, the hell with it, you can't sell it. There are books that we would have published five or six years ago that we just couldn't publish now, and I think that's very unfortunate.

I think the mass market is going to grow a lot. The direct market is currently servicing the converted—it's not a convertor. We're going to be converting a lot of people for you, I think. Big ugly ones. And the real question is whether the direct market is going to be able to continue to capitalize on the additional readers we're going to bring in and whether, particularly, if we're successful in bringing in women, bringing in females, bringing in children, having mothers interested in buying comics, because it's still true that the mass market is a lousy retail environment. It's very hard to find what you want. I mean that's still true. But are you going to have a direct retail environment that regular humans are going to go into?

Thank you.

PETER DAVID

I'd also like to thank Milton and John for inviting me to attend this very historic get-together. I was also discussing with Paul, I would also like to thank people who couldn't be here such as Phil Seuling, such as Carol Kalish. I tend to think that the lousy weather outside is reflecting Carol's mood because she couldn't be here. She would eat something like this up. I'd also like to thank whoever put the video camera over there so that the bald spots on the backs of people's heads can be recorded for video posterity. Thank you very much.

What we're talking about is where the comics have been and where they are going. There's several different aspects that have to be addressed. First off, on a creative basis. I can only speak from my perspective twenty years ago. Twenty years ago, I was in high school. When I was reading the books twenty years ago, and ten years ago, the perception that I had was that the emphasis was on writers. The artwork was a means of telling the story rather than a be-all and end-all and an end unto itself. We have seen a swing in the opposite direction now towards the artwork being the pure selling point, being the only important aspect of the comics.

JOHN DAVIS

At Image so to speak.

PETER DAVID

I wasn't going to say that. It's shaped by a lot of factors. Image is simply an aspect of it. One of the few things that I still remember from high school, though, that they told us is that society works on pendulums, and pendulums tend to swing first to one side and then the other. I tend to think that over the next twenty years we will see a swing back in the direction where writers are the more important, or ... that's not quite right, the story is the more important aspect, because what makes popular artwork can change the tastes in what makes a good comic—visually—is very mercurial. The fundamentals of good story telling I tend to think remain consistent. The bottom line is that we will hopefully wind up with writers who will be making more effort to develop stories that are entertaining and that are new and different as opposed to simply rehashing things that have gone before. Writers will have to work to justify the concept of just being a writer, and artists will hopefully, come to realize that pretty pictures do not make a story, and they will be working to give as much care to learning the art of writing as they do to learning the art of drawing.

I am also in a somewhat unique position on this panel that I am the only person who has actually done marketing research into what is going to be the future of comics. I ran a poll in my column before I knew that any of this was going to be happening, about what people anticipated for the next ten to twenty years for comic books. I've got some fairly intriguing results going, not mentioning all of them but some of the top ones. We have 219 respondents. 43.38% of the people said that Marvel will be the number one company. 62.10% said that Image will be long gone. 22.37% said that Mark Gruenwald would be the editor in chief of Marvel. 16.89% said that Mike Carlin would be the editor in chief of DC Comics, although Paul was right behind him with 16.44%. 35.62% of the respondents, for reasons that still elude me, designated that Rob Liefeld would be the anti-Christ. 30.59% said that the Japanese would buy DC Comics, although 16.89% said that Marvel would, and 10.96% said that Jim Shooter would. Now, one of the more interesting things, on a more or less humorous note, is that 70.32% of the people polled said that they thought that their comics would be worth more over the next ten to twenty years. Curiously, 57.53% also said that the bottom was going to fall out of the collector's market. The clear conclusion that we can draw from this is that we have an audience who basically feels that "Ya, someone's going to get screwed. It's not going to be me though." A number of people attribute this to the fact that they buy only Golden and Silver Age comic books, feeling that those are the "Blue Chip Stocks" of comic books. Now, if they are right, it could be a fairly interesting turnout. At the very least, we might be able to assume that people are kidding themselves in terms of their buying habits. The last thing I will simply say is that 52.2% of the people polled felt that the majority of comic books published would be owned by publishers, that the current work-for-hire situation would be the norm ten, twenty years down the future. Now the thing is to look twenty years in the past. You see that there were no allowances made for the creators at all. We can only hope that it will increase exponentially over the next twenty years, that more allowances will be made for the creator's contributions, that we creators, particularly artists, will be cut in when the

images that they've drawn are used on T-shirts, cards, that kind of thing. And I think that it's incumbent upon publishers to be more equitable to creators if for no other reason than because Disney Comics was not, and I think that Disney Comics can certainly be held up as a model of how to do just about everything wrong when it comes to marketing and promotion. So, everywhere that they zig, it might be advisable for comic book publishers to zag.

JOHN DAVIS

Well, twenty years ago as Mike said, the comic industry was dying. Two things started to happen just prior to that twenty year period, though. Marvel had started to make comics cool. Comics were starting to be read by college kids who identified with Spider-Man and the new direction Marvel took. DC had started bringing in new talent of our generation, the baby boom generation, people like Neal Adams, Bernie Wrightson, and Mike Kaluta. All of that led to an increase in demand. The problem was that the demand could not be supplied. Hence, the brilliant brainchild of Phil Seuling—the direct market. The direct market saved comics and has brought it to where we are today, with the incredible diversity of both product format and content. As far as twenty years in the future, I see that the basic formats we have now will continue. There will continue to be an incredible amount of variety of comic material available in various formats from the cheap formats to the trade books and the hard-back graphic novels. I don't think that comics will be replaced by any other medium such as electronics because of the tactile nature of comics. People like holding the comic book, they like the fact that they own it, they like the fact that it has a feeling to it, its glossy cover, a colorful page, and I don't think that's going to change. The content of comics will continue to diversify. And I think there that I disagree with a lot of what the other panelists have said. I think we do have incredible diversity of product between twenty years ago and where we are today. There's far more genres, far more . . . No one would have even thought of publishing a book like *Hate* or *Eightball* or *Yummy Fur* twenty years ago except maybe R. Crumb, who was the only one that was doing that type of self-exploratory writing.

So I think that the diversity will continue, but I think that mirroring other mass media such as movies, we will see certain genres having higher popular appeal. In movies, it's the action/adventure genre, things like *Lethal Weapon 3*, and *Batman* and *Under Siege* that get the big numbers. And I think that will be true in comics as well. I think that superheroes are our equivalent of an action/adventure genre. Saying that, I still think that we will have the other products being sold and even more of them.

In distribution some of the things that Milton touched on, I just would underline again. I think that we will have increased access to information, and more efficient use of inventory. I think that those are the major changes.

Just to touch on another subject that was mentioned before in discussing back stock, I think that we neglected to distinguish between the two basic types of product that we carry—periodicals and books. I believe that periodicals are designed to sell out. They're here today, and they're gone tomorrow. Books are the permanent media of our

“Many of the retailers that I am aware of today are no longer enthusiastic about the medium they sell, and far too many comics are bought as purported



investments, not for reading pleasure... Two decades from now... my comic book division will be burning its awards to keep warm.”

Denis Kitchen

industry, and those are the things that we have to focus on keeping in backstock.

For publishers, as Denis touched on in his introduction, we have many, many more publishers, hundreds more than we had when we look back twenty years ago, and I think that will continue. We'll have more and more publishers entering the field, and those publishers will be publishing more and more titles. And that leads to the phenomenon that Denis was describing, less individual sales per title. I believe that we have a greater increase in choice than we had, and that is why the individual titles, except for the top twenty titles or so, experience less sales. I think there will be increased competition among publishers. That's a trend we see now, and I'm sure that will continue. This increased competition will also be found on the retail level. There will be more stores, there will be chain stores, there'll be all types of stores. I think there'll be more specialization of retail stores, with the phenomenon we're seeing now in many cities where one store has become the center where people look for back issues, and maybe other stores are where they're looking for alternative comics, maybe another store where they go looking for Japanimation. So I think that trend will continue where stores and the tastes of the owner will be reflected in the type of store that they are, and that there will be more and more stores out there.

In the consumers, again, I think that we will be drawing in a wider diversity of people both in age and in sex. I think that's because of the diversity of product out there. I think our main job in the direct market is to get the message out to a wider audience that this product does exist. We are a mass medium just as movies or TV or any other mass medium. We have the same diversity of product to offer. We just have to get the message out.

PAUL LEVITZ

I'd like to echo the thanks to Capital City for putting this together, to Milton and to John and to the team that did the back room work, but I'd also like to thank everybody else. I have felt for many years that one of the critical problems of this business was that we didn't manage to get in the same room often enough between the different levels, and I hope that whether through the auspices of a distributor, a publisher, a convention or some other constructive troublemaker, we'll manage to do things like this on a more frequent basis, because I think it improves the potential for business.

I think twenty years ago is a very specific moment in time to mark ourselves from. As Will said in the beginning, that “the moment” was when Phil got the idea. He was at this moment twenty years ago, trying to convince publishers that they should allow him to buy comic books on a non-returnable basis and was having the door shown to him on a regular basis. It wasn't until twenty years ago minus six months from now that he finally managed to get his foot in the door enough to get someone to be willing to take his money. That contempt for building the business was, I think, of the essence of what was going on in our entire community. The writers and artists who by and large populated the business felt they were treated with contempt. Not just by publishers but by their audience, by society in general. They were still of a generation where they were embarrassed to admit that they were a comic book artist—they were a commercial artist or a writer. The people who distributed and sold comic books for a living had absolute contempt for the product. And the publishing companies on the whole, based on the numbers they saw, felt that this was a dead business, as Mike said. Maybe it was a useful shill for selling some product licensing around it, or maybe something that you ride until the end, but it was going away pretty soon. I would contend that in the moment of the realization of Phil's idea are the seeds of everything that goes on now in a number of ways we haven't discussed.

A couple of panels before we talked about the fact that the retailer needs to know the product is critical to our success. That when you walk into a comic book store, you'll be steered to an appropriate product. It was the essence of the original idea that this be a knowledge driven system—that the risk not be on whether or not you do your math well, although certainly that has done in a retailer here or there, but whether or not you know your shit. If you don't know what a comic book is, and you don't manage to convey that, you don't survive as a retailer, you don't survive as a distributor, and you certainly don't survive as a publisher.

The cost of entry barrier was destroyed. That's a fancy way for saying that in the old days, if you wanted to be a comic book publisher, you had to get together enough millions of dollars to go into one of the two or three newsstand distributors and convince them you were willing to lose that money over a two or three year period. You couldn't have had a *Teenage Mutant Ninja Turtles* because of that. You could not have had a Dark Horse. You might not have been able to have a Valiant. Maybe, they might have had enough capital on day one to do that, but it would have been tough. You would not have had the diversity of voices that has emerged in the business. By

definition, in a system being driven by its knowledge of the product, what is in the product becomes critical. The talent, instead of being an interchangeable piece, becomes the essence of what we sell. That allows for royalties, the talent's name on covers, respect for the talent, economic opportunity. And suddenly you have better voices. And as you have those greater voices, you have the diversity of ideas. I share some of Denis's concerns that some of those ideas are getting lost in the wilderness of the choices that are out there, but they can be out there. They have a chance to be heard. And if I love and respect a title that he does that can't find a large enough audience more than I love or respect something that finds a tremendous audience suddenly, the fact is that both are now able to reach the marketplace, where twenty years ago it was only because of the extraordinary efforts that Denis and a couple of his competitors were doing to "gerrybuild" a system that allowed it. Now it's an open marketplace for ideas. That is what created the independents and what created the self-publishing, and as each of these voices came in, it has opened the world to the voices that are to come, the Alan Moores, the Neil Gaimans and the Todd McFarlanes. All across the spectrum, voices different from what had been heard before are now inspiring new voices as they were inspired before. And that's what I look to twenty years from now.

I don't know what the content of comics will be. But I know it will be radically different, because as that baby boom generation caused me to be interested in comics because I found the voice in it that wasn't there before, there is now a voice that perhaps I don't hear but that is a siren call to someone else that will bring a total other change. I think we stand in several ways right now on the cusp of changes that will affect dramatically where we go in the next twenty years. I think there is a grave difference between being a mass medium and being a massive specialty medium. I'm not sure which one is better or worse, but I don't believe that the two are simultaneous. Mass media are accessible to the public casually. You don't have to work to get at them. Specialty goods require you to really care all the way up and down the line. There may be comics that fill both of those categories twenty years from now, but there may not be, and we may be driven to one or the other, and all our livelihoods will be affected by that. I think our ability to find a way to successfully answer Denis's question of narrow-casting is critical to our having diversity of voices and to being here twenty years from now. Can we manage to keep alive all the voices that are worth publishing by getting them through the distribution and retail chains and seeing who we can interest in them? There'll be changes in both the distribution and retail system to accommodate all of this, and clearly, as I've said, I think most of it will come out of changes in content. And to facilitate those changes in content, one of the other things that I think we haven't spoken enough about, is there will be dramatically different ways the talent works in the business and different commitments from the talent. Part of that is Peter's issue of work-for-hire or not-work-for-hire as time goes on, but part of that is just whole different structures will exist. Talent taking risks they're not taking now. Talent evolving different ways to work with publishers. For us as a publishing company, I think that that's one of the most critical questions ahead. How technology will change all that, I don't presume to know enough. I'm not sure I

buy the argument that comics will survive because print will survive because print is convenient. Maybe downloaded into print into somebody's home and you have a whole different distribution business then. I'm not sure John's ready to get into the wiring racket. Maybe he is. But the medium, I believe, will survive. And it's a question of how we transport it and how we build those voices.



"I think it's scary that there's less acceptance of other genres now than I perceived that there was five or six years ago. If it's not superheroes, the hell with it, you can't sell it. There are books that we would have published five or six years ago that we just couldn't publish now, and I think that's very unfortunate."



JIM SHOOTER

I'd like to thank the usual people, and I understand that DC Comics has had a great influence on this gathering which I think is an historical occasion, and I'd like to thank them.

It's interesting, as I have sat here I've realized I could have a long and lively discussion with just about every participant in every one of these panels on every one of these subjects.

There's way too much stuff and way too many nuances to really get into everything. What it seemed like is that most of the concerns of the first two panels were really questions of shortsightedness versus farsightedness. There's what's convenient for us here and now and what's good for us in the future. Change is going to happen, inexorably. If we all stay focused on the short term, it's going to happen without us having much to do with it. If we can get a little more farsighted, then maybe we can have some influence on the change. I had about a two second conversation over here about a minute ago and said "Who really has the power, the resources to be farsighted?" The answer is largely Marvel and DC. They think at some point they have got to step forward and take a leadership role and help solve Denis Kitchen's problem, because ultimately it's good for them if there's a broader diversity and more acceptance of more types of things. As I said, all of the questions about the industry pretty much have been thrown on the ground and trampled to death.

Let me talk for a second about the medium. We have this wonderful combination of words and pictures, which is very compelling. Will said it best, about how it accelerates your absorption of material and so forth. At the beginning of this century two visual media were created—film and comics. They had something new, they used pictures as part of the narrative device. And they found that they could use different “shots” to convey different types of information. Pretty much that was the first time that had happened. Before that, illustration was always superfluous to the text or would pass for visual with basically a live performance where you sat in one seat at one point of view. These two great media popped up, and for the first half of this century we’ve developed a visual language, we’ve learned how to use that combination of words and pictures, both in film and in all the other related areas, and in comics.

I think that one thing we have to be careful of is, and nobody up here has wanted to say it (I’m going to say some tough stuff here), nobody has wanted to say this, and maybe it’s because we don’t realize it and maybe it’s because we’re too polite here but—we really have lost it guys, we really have not continued the development of the visual medium. We all think that we’re proud of this, and we’re proud of that. We’re talking to ourselves a lot. We know how to read these things, and most people don’t. It could be that out of that 99% of people who are not interested in superhero comics, it is because they can’t read a comic book at all! They don’t know the devices. They don’t know what a “thought balloon” is. They don’t know what some of these narrative devices that we’ve cooked up in recent years mean. They can’t read it.

My brother-in-law’s a lawyer, he’s an intelligent man. He tried to read *Dark Knight* and he threw it over his shoulder in disgust. He could not make head or tail out of it. That’s *Dark Knight*; that’s the one we all—“OH! *Dark Knight!*” Sorry Frank, but the fact is we’re talking to ourselves a lot here, guys. Me too. Because Lord knows I wish I had another “me” to edit my stuff and look at it with fresh eyes, and tell me what an idiot I am two-thirds of the time. Because I read them six months later and I think “Nobody could read this thing. My God, how could anybody make any sense out of this?” We’ve got to toughen up as creators, and as publishers, I think. We’ve got to realize that if we’re going to get out there and communicate, we had better start being communicators. We’d better learn our craft. To many people, as has been said, it’s very comfortable, you do something, you put a chromium cover on it, and bingo, you’re a hit. Well, somebody has to take the bull by the horns and get us back to what we were first, which is storytellers.

Storytelling has been around forever, it probably always will be. Whether it’s some kind of translucent sheet which the pictures get beamed into, I don’t know, I don’t care. Technology will offer opportunities, and we’ll capitalize on them. But the fact is that we’re in the same business that Homer was. If we don’t start remembering that, and start perfecting our craft, and stop being these six-month wonders who think that just because they can do glitzy graphics that they somehow now know what they’re doing in terms of speaking a visual language, we’re in big trouble. So I offer that to the publishing community. Lord knows I’m trying, and I wish I was better at it. But I

think that is the primary area of concern. Let’s work with this wonderful medium. Give it a chance.

CHUCK ROZANSKI

I want to thank John and Milton also for inviting me. I have a voice in the industry which is sometimes not marching with everyone else. I appreciate them giving me an opportunity to come by.

Looking at this from the historical perspective of a retailer, twenty years ago the primary merchandise that we were selling, the business was heavily dominated in those days by DC. Harvey, Archie and Gold Key were also a major part of the business. Undergrounds were something that we sold pretty well. At that time Marvel was starting to make their surge and became the dominant company. They’ve dominated backlists. By branching out from their existing story line they started getting a lot more important to us in terms of sales.

Ten years ago the direct market began expanding a lot further. Phil Seuling opened it up in the mid-seventies, and in the late seventies Marvel opened up the distribution system beyond just Seagate. And when that opened up, that’s really when the proliferation of retail stores went from just a couple hundred up into the thousands where we’re headed into today. You also see at that time small chains of stores appearing. Unfortunately, we saw to a certain extent the demise of undergrounds, but with the creation of the direct market system we also saw the opportunities for self publishing and the smaller publisher. By that time, more due to change in popular taste, the undergrounds were being sold more to the general public than to comic fans, really. What we saw, though, was the beginning of books like Pacific, when they started to publish and were able to distribute through the direct market, and First Comics. And we saw all of that.

But, what I’m talking about here is cycles. I think that the whole industry goes through cycles over a period of time. I think that we’re at a very critical juncture right now. DC dominated things during the sixties and early seventies. Marvel took over in the mid-seventies, and has dominated all the way through the eighties and into the nineties. I think it’s very important right now that another company rise to take the place of Marvel. Because when we’re dealing with collectors, when we’re dealing with fans, a lot of times we’re talking about catching people at a young period of their lives and riding with them and providing them with something that they can believe in that they feel a connection with. The Marvel Universe has become so complicated, and the ideas in it have become so shopworn, that I don’t think we’re going to be able to make the connection, as retailers, in terms of trying to sell Marvel product. I would therefore make the prediction that if the industry is going to succeed in the future, and if we’re going to attract a new generation, it’s going to have to be a generation which grows up with a new continuity. I don’t think that generation is going to be able to grow up with a continuity made up strictly of independents. I don’t think either, that DC is going to be able to step into that role. I think it has to be a new company.

As evidence to this trend I point to the fact that *Harbinger* #1 is now a \$100 comic, or so it’s been related to me. That book is not intrinsically worth \$100, but it’s the rarest book of a group of books that’s part of a “new company.” What you’re seeing is demand from

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young people who want to complete their Valiant collection before it gets too large and it's passed them by. That is driving prices up very, very rapidly, and probably for no good reason. The fact remains, whether Valiant succeeds or not, or whether a different company comes in to that position, we have to have an industry-leading company that is chic, that is something that is a part of the young generation. Marvel obviously is trying to do it by branching out into having their 2099 group, and then we've got DC with their two new groups that they're doing. Those are both possibilities, but I think that we're going to need to have something that is entirely different if we're going to go with an entire generation, and that's what we're seeking to get here.

It's been said in earlier panels, the primary audience that we deal with are males 18 to 35, those are the people who are buying product. To me that points to a seventeen year cycle, or at least something within that range. If we want to get a new batch and make them feel like they're a part of what's happening. I mean, who wants to read the stuff that their dad was reading? I mean we've got to get something new for these young people. And I know in dealing with my own kids and in dealing with the friends and associates that they have, they're, indeed, looking for something that's new. And I think that if you look at that as the concept, it's easy to understand why the Image books are selling such phenomenal numbers. They may not be very good, but they're new, and they're exciting, and there's something that these very young people can tie into. Now I'm not saying that either Marvel or DC is going to fade from the picture, but I think that as DC had



Chuck
Rozanski

their day in the seventies, I think Marvel's day may already have passed or peaked. Right now the mediocrity of their line is so boring to the young people that's it's very difficult to try to introduce new readers on the basis of what they have.

Another point that was raised earlier was the emergence of national chains. I feel very adamantly that there are some strong contenders within the direct market for creating chains of comic shops, and I think those chains of comic shops will have something which a Blockbuster-type store will never be able to provide, and that is a sense of community and an actual caring for the product. Because when you're trying to sell comics as a commodity, it's very difficult because the very essence of comics is that they are a shared experience between the creators and the readers. If you are simply treating them like hamburger or a video tape or something like that, it doesn't convey the same sense, because people want to come in and they want to talk to other people within the environment of a retail shop that have experienced the same thing. You don't see people going, or at least I don't see them going very often, into a video store with the intention of talking about the last video tape that they rented. They go in, they pick it up, they go home. That's a very private experience. The comic shops have succeeded because people can go in and talk about the last issue of *Spider-Man* or whatever book it was that they greatly enjoyed. So, if a national chain is going to succeed, I believe that it has to come from the direct market, it has to be staffed with people who care about comics, and it's my belief that whoever controls backlist and makes available what the people are missing. This is a shift that I've seen. A lot of times, backlist is selling at less than cover price. It's being treated more as a remainder than as a speculative item. While you do hear about the speculative prices of certain product going up, 90-95% of product goes down a month after it's been published. So I think the speculative material gets a lot of the press, but that's not necessarily what's happening in the marketplace.

Finally, going twenty years down the road, I want to agree with Paul Levitz and agree with Bill Liebowitz and disagree with Will Eisner and John. I see comics moving more into an electronic medium. I don't think that the consumption of paper and the consumption of natural resources that we're seeing right now will be continuing indefinitely. And there's a shift in our society away from items that use up a lot of natural resources, and I think that the trends that are in the book field where audio tapes have become a larger and larger portion of the overall book business after very meager beginnings, I think the same thing is going to come to pass in comics. Comics people being young are very tuned into electronic medium. Our very accepting of new ideas, and I think that as those possibilities come to pass, that's what is going to revolutionize the retailing and the distribution of comics.

DAVE SCRÖGGY

As we begin to look at a couple of things that stand out, one might be the needs of now versus the future. Do we see that there's a definite kind of conflict of interest there between the needs of now, the need to expand, the need to make more, versus the longer term view of the future in terms of building the diversity of the material, building the

diversity of the readership, and building the diversity and number of outlets? Are those two needs compatible or are they in conflict with each other? How might you suggest addressing them?

JIM SHOOTER

Since I opened that can of worms, I really think that everybody has all kinds of economic pressures on them and it's really only the most prosperous ones that have the real opportunity to go that tough road, to invest whatever money is needed to be invested, to take a stab at trying to solve not only diversity of product but a lot of these other problems that have been mentioned here. That means Marvel and DC. When I was at Marvel I always felt that, gee, we're Marvel Comics, if we can't afford to experiment, who can? We did experiment. We did a lot of things. New formats, new lines of books, we tried to do Epic—create our own books. You can argue with some of the execution there. We didn't promote Epic as much as we should have. Did a lot of things wrong along the way, but it was new territory. A lot of it, I didn't know what I was doing. My point is that I think that we are going to need the leaders of the industry to take leadership roles. Those things are incompatible for a lot of people who don't have the resources just, as Chuck and other people have said, "The big companies pave the way; open up the direct market; lower the threshold. And now all kinds of people can get into it". Because of actions taken by the big companies. There can be these other companies. Anybody with \$1000 and a basement can publish a comic book. Again, it will be up to Marvel and the other big players in this business to make the world safe for little publishers. They are certainly prospering now with the little publishers that exist.

DAVID SCROGGY

Mike, how would you respond to that, especially in light of the fact that you say that there are books you could have published five years ago that are impossible to publish to today? Which seems to tighten it up.

MIKE HOBSON

I relish the role of fostering other peoples' publishing adventures.

I agree with Jim. If we and DC don't lead then nobody's going to do it, and this is particularly true in marketing. I'm not sure exactly where we're headed, but we think we're headed somewhere. Yes, we're going to grow the market at least as far as the mass is concerned, that is, more numbers and different genres. Yea, I think we're going to do it.

PAUL LEVITZ

Let me add to that from where we sit. When we began to take the direct market seriously, coincidental with some management changes that included me moving to the business side of the company 12 years ago, we were losing money as a comic publisher. Our other businesses were very successful, but publishing was not. I think at the time Marvel was the only outfit managing to do better than break even. I rather doubt that they were earning passbook savings rates off of what they were making off of the comic book business. When Mike talks about that period, when he was making perhaps \$3,000,000 in direct sales when he got to Marvel, when I first moved to that kind of position in DC I don't think we cracked a million yet. We made a concerted decision to lose more money in the direct sales market for quite a number of years to finance the expansion and the growth of it.

Many people could argue in retrospect, ourselves included, whether the ways in which we chose to invest that extra capital were the best ways of building the business. But I think John, and any number of people who were around at the time who were aware of the dynamic, know that we very much took that attitude. We continue to believe that we do have to lead in those areas. We've tried to lead disproportionately both in supporting the distribution system because of our commitment to direct, but also on the product side. We can't solve all of these problems, I don't think Marvel can solve all of these problems. I think the existence of this gathering in this room creates the

*"I don't think that
comics will be
replaced by any
other medium
such as electronics*



*because of the
tactile nature of comics.
People like holding the
comic book, they like the
fact that they own it... "*

potential for yet another way to solve them. It is true without Marvel and DC doing it very little can happen. But infinitely more can happen when we manage to cross the sectors of the industry and have distributors, publishers, retailers, creators, working on these different issues, sharing points of view, sharing information, and in some cases sharing investment.

DAVID SCROGGY

Where do we see the weak links of the chain in developing this? Chuck?

CHUCK ROZANSKI

There is a lot of talk about cooperation. I started getting back into retail 40 months ago, and no one from Marvel or DC has come by to any one of my stores. They talk a good talk. They talk about the fact they want to support retailers. They talk about the fact that they have an interest in trying to make the direct market grow. But basically they just shove it down the pipe. Instead of putting out platitudes, if they actually got out and did something... Carol Kalish and I were not good friends, but I respected Carol for the fact that she got out and did things. She made things happen. Right now in the business there is obviously a very distinct lack of action. Whether it be on the creative end or whether it be on the end of providing the types of support we're

talking about, Carol was out there working to help get trade shows started. To help support the San Diego convention. To go out and consult with retailers. We need someone with that type of energy and that type of vision to spring forth from one of the companies and get moving. The energy being created out there right now is pretty much from either small publishers or from retailers who are trying to go through the walls of flame by themselves. There is no support mechanism that Marvel and DC have set up that really allows for the growth of the business or for the diversity of the business. If they would actually do that I think that would ultimately be to their betterment too.

DENIS KITCHEN

In the real book world, publishers send reps on the road. In the real book world, retailers look to publishers as their primary source. For better or worse, in the direct market system we don't do things that way. In lieu of publishers having reps on the road perhaps it's the distributors who need to do that on our behalf. Only the largest publishers at this moment could even afford to think about that. Marvel sends people out. But I mean people who are out there selling. We're going to specialty stores, and within the retail community we know we already have specialists, people like, for instance, Bill Liebowitz, who I know carries my line very successfully. There are other retailers who don't carry a single one of my titles. I'd like to know that perhaps, if not an independent rep organization, perhaps Capital City could consider getting reps out on the road, talking to the retailers and meeting their needs. If they specialize in independent titles, make sure that they have access to them, including backlist, play to their strengths.

DAVID SCROGGY

Do all retailers know what their needs are?

DENIS KITCHEN

By and large they should, unless they are start-ups. They know what their own tastes are, and ultimately that's what it is. It's their community, obviously.

DAVID SCROGGY

Well do you think it's their own personal tastes, or do you really think it's reflective of what their customer wants in many cases?

DENIS KITCHEN

I think somebody with tastes running alongside let's say the independents in general would be better suited to open a store in a Berkeley or Boulder than in suburban Chicago. Moondog knows that. The downtown stores have a different audience than the suburban stores. I would like to see somebody out there, and I'm throwing it to Capital City because I'm sure it's not an idea that they haven't heard before, but nobody has done it. That is, get people out on the road. Show the product. My biggest concern, my biggest fear is that the retailers don't even know what's out there for the most part. As Bill pointed out about the Top 100, we all know what's in the Top 100. There is a lot of great stuff in the bottom 100. If retailers saw it, even if it was a month old or a year old, they might say "I can sell that." I've got customers that will buy that and they never even see it.

PETER DAVID

When you're talking about the retail taste, with anything it really depends upon the retailer. There are some retailers that are willing to go out there to push the books that not only sell automatically, but the ones that they personally like. Or, they might be interested and

"It could be that out of that

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superhero comics,

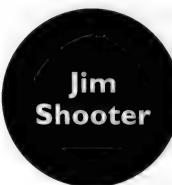
it is because they

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*They don't know what some
of these narrative devices
that we've cooked up in
recent years mean."*

understand the basic concept of: if someone likes book A, and book B has a relation to it, but it's not published by Marvel or DC, it might still be of interest to them. There are other retailers who you deal with that don't have a clue and, worse, don't want to know. They don't have any concept of doing any better than what they're doing right then. These are the people who will either continue to eke out a living or perhaps just completely collapse. In terms of what you were talking about before, now versus the future, we link that sort of thing. I think you can't take now and the future and ignore the past. The basic concept is that there is always going to be a struggle between those who know what they're doing—or believe that they do—and will look down on those who they don't think that they know what they are doing; and the people who are the older people, the more established people, who don't know what the hell they are doing. It's basically a massive generational gap that has existed slightly before comics became to be and will probably continue to do so.

If we're talking about any weak links, one of the greatest chances that comic books have in terms of expanding its audience and bringing in new people is linking with television and with movies. My first introduction with *Superman* was not the comic book but the George Reeves television series. The George Reeves television series ended the exact same way every episode: "Superman is based on the

character appearing in *Superman Magazine*." That would start kids saying, "There's a magazine? What's that? I want to check that out too!" The television show was there, and then it was gone. This is before video tape. But the magazine you could keep in your hand—forever. As opposed to *Teenage Mutant Ninja Turtles* (nothing against the guys). The problem is that you've got *Teenage Mutant Ninja Turtle* toys, games, television shows, and there is an audience which is oblivious to the fact that *Turtles* started as a comic book. You tell them that there is a *Turtle* comic book, their essential reaction is "There is a comic book—too?" They don't know that's where it came from. It would be nice if there was some sort of media emphasis whenever there is a dramatization, that people should be seeking out the comic book. This is where it began. It didn't spring full grown from the brow of the director or the actors.

One other real quick thing, if we look to other aspects of expanding the marketplace. I think we are seeing too, among many present day direct retailers, a concern over additional stores that are going to be pandering purely to the masses, as it were. I think that their concern is that they are going to be pushed out. I think the fact of the matter is that there is an unconscious concern that essentially the "karma police" had caught up. Because 15 years ago it was the IDs saying "Hey, who are these people, and what do you mean you are only going to produce comic books, only for them?" Lots of IDs didn't give a damn, but some did. Now all of a sudden it's the same theory, but the direct market is saying "Well, wait a minute, it is going to push us out." It was okay for us to benefit, but it's not okay for anybody else to. I think the fact of the matter is that when you talk about these new stores—Blockbuster, or whatever—carrying new titles; what you're essentially going to see is that they are going to take the place not of the direct market (which has done a superb job) but rather the new and the traditional mom and pop 7-11, which are cutting back or not carrying comic books at all. They will act as the feeder into the direct market, so rather—if we are going talk about a weak link—rather than the direct market being afraid of that, it should be doing everything it can to exploit the opportunities that are being presented.

JIM SHOOTER

Can I add something to that?

First of all, I think that no conference about the direct market should completely omit the name of Ed Shukin who was, as Chuck, said the guy who in the middle 70s was there, was Marvel's representative, was Marvel's sales person, circulation director, whatever. Who allowed the direct market to go from Phil Seuling to a much broader group. The thing is at that time, that was a very farsighted act. Perhaps some of it accidentally. Nonetheless, a farsighted act, a courageous act for the reason that Peter just mentioned. There were IDs that did not like this at all. I had a little meeting, before I came here, just to check my facts. There were life-long friends of his in the ID community who wouldn't speak to him from that point on. I'm sure he probably had a few offers of cement overshoes too. But basically, there were some farsighted steps taken and some courageous acts taken and we're at that same point. Change is going to happen to us whether we like it or not. If we show a little courage, show a little

guts and take a hard look at ourselves in the mirror, if the creators start learning the language a little better, if the leaders start leading, and if people occasionally forgo that short term gain just to get us a better foundation for the future, we've got a chance. If we don't, the change might help us, and it might kill us. Story telling will still be around; I'd like to think we will too.

DAVID SCROGGY

I'd like to think we will too, but we won't. Believe it or not our three hours of discussion is about four. I would like to echo someone's statement that this is truly fascinating. I believe that so many exciting and interesting issues have been raised by every single member of this group. There are just myriad conversations. Questions are always good. We must always ask the next question, as Theodore Sturgeon once said. We've certainly asked plenty of them today. On behalf of Milton and John, I would like to thank you all, gentlemen. ☺

Denis Kitchen's Comments on the Comic Book Legal Defense Fund

DENIS KITCHEN

The Fund started several years ago in response to the infamous obscenity case involving Friendly Frank's. This year we have had three, in Sarasota, Florida, El Cajon, and Chino Hills, California, all of which are in litigation right now. We decided to keep the fund going after the Friendly Frank's case, because it seemed inevitable that we'd have conflicts again. We had a couple and then nothing was happening for a while. All of a sudden several cases erupted, and they are sapping our financial resources. We currently have about \$20,000 in the Fund. Each case, on average, has taken about \$20,000, so at a minimum, we need to triple our nest egg. So any of you who have creative ideas on how to raise money by all means talk to me. If you're a publisher, perhaps you can donate a part of the profits from a designated issue. If you're a retailer perhaps you can set up contribution bins. If you're in any way able to help us raise money, we can certainly use it. The industry as a whole will benefit.

I'd like to thank those of you who have agreed to contribute all or part of your honoraria today toward the Legal Defense Fund. I'd also like to give special thanks to Peter David. For the last two years, Peter has been donating all of his checks from his column in the *Comic Buyer's Guide*, an amount which now exceeds, I think, \$5000. And Peter doesn't even write the kinds of comics that are involved in obscenity cases. Special credit goes to him for that.

We have, in fact this weekend, a confrontation in Chino Hills at a store called City Comics, whose manager was charged with selling an adult comic to a minor. The buyer was seventeen years and eleven months old, gave a college ID for identification, and swore he was eighteen. The retailer took the college ID as evidence of that. The retailer was busted and has been picketed ever since by some very aggressive local groups. We're setting up a press conference. Saturday, we're having Attorney Mitch Berger from the Defense Fund, Harold Nelson, Frank Miller and a few others who are going to confront the group via the press conference or in person. It should be pretty interesting. We'll keep you posted.

MILTON GRIEPP

I would like to present to Denis \$4,700, the amounts we collected from the group, and Capital City Distribution will be also donating \$3,000 on behalf of the three participants from the company in this event for a total of \$7,700.

BACKGROUND ON THE FUND

Censorship of comics first began in the 1950's following the publication of *Seduction of the Innocent* by Dr. Fredric Wertham which purported a link between comic book reading and juvenile delinquency. Following Senate hearings during the McCarthy era guidelines were developed for the Comics Code Authority. Publishers were prohibited from releasing any comics with controversial content which resulted in the cancellation of such titles as EC Comics' *Vault of Horror* and *Tales from the Crypt*.

The underground comix movement of the late 60's ignored the restrictions of mainstream publishing. The movement was heavily influenced by the EC line and *MAD* magazine. New York prosecuted one of the many adult titles, *Zap* #4, and in 1973, following a trial and numerous appeals, the comic was judged obscene and banned from sale to adults. (Since then, the book has been sold in New York without prosecution.)

"Alternative" comics were an outgrowth of the undergrounds during the 80's. Cartoonists such as art spiegelman, Dave Sim and Will Eisner gained recognition in this area. Creators such as Frank Miller and Alan Moore expanded the boundaries of super-hero comics into more mature territory.

In 1986, Friendly Frank's, a comics store in Lansing, IL was busted for selling "obscene" comics including *Omaha, the Cat Dancer*, *The Bodyssey*, *Weirdo* and *Bizarre Sex*. The Comic Book Legal Defense Fund was formed to support the defense. In its five years of existence, the Fund has spent over \$50,000 protecting cartoonists' freedom of speech. It has won every case it has fought.

The Roundtable Participants



BRUCE BRISTOW

Bruce has worked in a variety of specialty manufacturing and retailing fields since receiving his M.B.A. in Marketing from Northwestern University. His experience includes work in both merchandising and buying departments in Sears corporate headquarters, serving as Buyer for a 38 branch department store chain, being a regional sales manager serving sports, juvenile and drug specialty stores, and sales of premiums and special promotions.

He joined DC Comics in 1982 as Marketing Director. Since then, DC has added a co-op advertising program, major retailer support programs and promotions and an industry-leading backlist program. In 1988 he was named Vice President - Sales and Marketing, and has acquired responsibility for sales of all DC publications including, most recently, *MAD Magazine*.



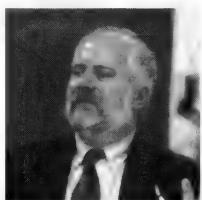
ALLAN CAPLAN

Mr. Caplan is the founder and former President of Team Telephone, one of America's premier telemarketing centers, which he sold to American Express in 1981.

In September of 1983, he opened his first retail video store in Omaha, Nebraska. In July of 1990, with the chain at 60 stores, he sold out to Blockbuster Video.

He was named Retailer of the Year in 1985 and 1990, and also Video Retailer of the Decade by his peers in 1990.

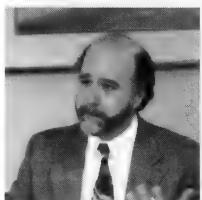
Mr. Caplan has conducted over 100 retail seminars over the last five years. Mr. Caplan is currently a marketing consultant with SkyBox International and Blockbuster Video.



CHRIS CLAREMONT

Chris Claremont has sold over 100 million comic books to date. The writer of Marvel Comics' *The Uncanny X-Men* for over seventeen years, he has been a top seller from his first issue in 1975.

Chris has appeared on a number of local and national television shows, including *The Today Show*. Chris' work has been reviewed in many well-known national and international publications.



GARY COLABUONO

Gary opened his first comic shop in 1978. This single shop has grown into the largest chain of popular culture/entertainment stores in the Midwest.

Gary recently formed the Direct Line Group, a national organization of leading comics retailers. DLG members experience problems only chain operators have, and they work together to solve these problems, as well as sharing ideas on how to make their companies stand out in an increasingly competitive environment.

Colabuono was chosen a Star*Reach Retailer of the Year runner-up in 1987. An expert on old comics, he's been an *Overstreet Price Guide* advisor since 1986. He's a member of DC Comics' Retail Advisory Board, Disney Comics' Retail Committee, and was recently brought on as a full partner in the Chicago Comicon.

Gary, his wife Patty, and their two children reside in suburban Chicago.



PETER DAVID

Peter David is a prolific author, who has written nearly two dozen novels and hundreds of comic books in the past several years, including issues of *The Incredible Hulk*, *Spider-Man*, *Star Trek*, *X-Factor*, *The Atlantis Chronicles*, *Wolverine*, and *The Phantom*.

He has written several popular *Star Trek: The Next Generation* novels, three of which appeared on the *New York Times* Bestseller's List, as well as novelizations of *The Return of Swamp Thing* and *The Rocketeer*. He also writes a weekly column, for *The Comic Buyers Guide*.

David is a long-time New York resident, with his wife of fifteen years, Myra (whom he met at a Star Trek convention) and their three children.



JOHN DAVIS

John attended the University of Wisconsin and graduated with a degree in History. He completed post-graduate course work in Film History and Criticism before being lured away from an academic career by the opportunity to publish his own magazine, *The Velvet Light Trap*. *The Light Trap*, a scholarly journal devoted to the study of classic American cinema is still being published today, although John has sold it to the University of Texas Press in order to devote himself fully to the affairs of Capital City Distribution.

One activity he refuses to abandon is the playing of blues guitar. He has played in a succession of blues/R&B bands, some more successful than others, for over twenty-five years and says it's too late to give up now.

John started Capital City Distribution with Milton Griepp in 1980. Since then, the company has grown from two employees to three hundred, and now services retailers world-wide with comics, games, baseball cards, and related items.



WILL EISNER

Will Eisner is universally acknowledged as one of the great masters of comic book art. Born in 1917, he studied under anatomist George Bridgman and painter Robert Brachman before finding his true vocation as a cartoonist during the late 1930s. He concentrated his efforts on a weekly newspaper comic book insert, *The Spirit*, which was syndicated worldwide for a dozen years and influenced a generation of young cartoonists.

In 1952 Eisner devoted himself to the then-unique field of educational comics. He produced a monthly technical manual employing comics for the U.S. Army, and also published teaching material for schools. In the mid-1970s, Eisner returned to his first love — sequential art as a story-telling medium. His influential book, *Comics & Sequential Art*, is based on the popular course he has taught for several years at New York's School of Visual Arts, and it contains an accumulation of his ideas, theories, and advice on the practice of graphic story-telling.



TOM FLINN

While in graduate school at the University of Wisconsin, Tom was the book editor for the *Velvet Light Trap* film magazine (John Davis was the editor). After grad school, Tom taught courses in filmmaking and the history of media in America at the University of Wisconsin. He has had articles and interviews published in *Film Comment* and a number of other film magazines.

In 1982 Tom became the first full time employee hired by Capital City Distribution. His experience at Capital includes packing and shipping comics, supervising the Madison warehouse, writing for Capital's numerous publications, purchasing specialty product, and overseeing Capital's present Product Management system.



MIKE FRIEDRICH

Mike Friedrich is president of Star*Reach Productions, which represents the business interests of over fifty international comics artists and writers.

Mike began his career in comics at the age of 18 as a script writer for such DC Comics characters as Robin, Justice League, Green Lantern, and Flash, as well as Iron Man, Ka-Zar, Captain Marvel, and Warlock for Marvel Comics.

Mike became a publisher of comics in 1974, and was the first to market primarily through the then-nascent "direct sales" market. Mike published the early work of such ground-breakers as Walt Simonson, Dave Sim, and Howard Chaykin. Mike established Marvel Comics' direct sales department in 1980, before leaving in 1982 to found Star*Reach. Mike was born in Oakland, California in 1949. He graduated from the University of Santa Clara in 1971, and currently resides in Berkeley, California.



MILTON GRIEPP

Milton Griepp was born in Shawano, Wisconsin, a small farming community near Green Bay, Wisconsin. He grew up on a dairy farm and attended school in Shawano. He attended the University of Wisconsin in Madison, received a B.A. in Sociology, and pursued graduate studies in Sociology. While an undergraduate, Griepp worked as a warehouse "lead man" for mail order cheese giant Swiss Colony, where he learned modern warehousing and mail order techniques.

While in graduate school, Griepp worked for Wisconsin Independent News Distributors, a small independent distributor of books, magazines, and yes, some comics. W.I.N.D. failed, and Griepp was hired by Big Rapids Distribution Co. (a multi-state distributor of books and magazines based in Detroit) as the manager of their Madison warehouse. Big Rapids failed in early 1980, and Griepp and John Davis (who he'd met at W.I.N.D.) formed Capital City Distribution.

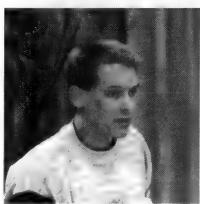
Griepp's personal interests are rhythm and blues music, vintage paperbacks, golf, and travel. He currently resides in Madison with his wife, Mary Beth, and their cat Pohnji.



MICHAEL Z. HOBSON

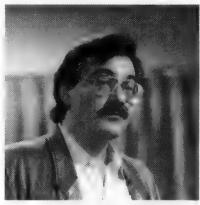
Michael has been with Marvel for twelve years, first as Vice President-Publishing, then as Group Vice President, and is responsible for editorial, sales, and marketing.

Mike came to Marvel from book publishing. He had previously been a vice president of Scholastic, where he was responsible for their paperback classroom book clubs. Prior to that he had been a literary agent at William Morris, an editor at *Publisher's Weekly*, and in advertising and promotion at Little Brown.



RON HON

Ron Hon has been an owner of Comic Carnival since 1980. Today, Comic Carnival has five stores in central Indiana. Ron has been a Manufacturing Specialist for Ford Motor Company for 23 years. Ron received his degree in Marketing from Indiana University in 1979.



DENIS KITCHEN

Denis began his comics career as a self-published underground cartoonist. He founded Kitchen Sink Press in 1969. It remains the oldest independent comics publisher in America.

His unique perspective on the comics industry comes from being the only individual to have professionally worked on all four levels of the field: as an artist, retail store owner, distributor, and publisher.



PAUL LEVITZ

Paul Levitz was born in Brooklyn, NY in 1956, and entered the comics industry in 1971 as the editor/publisher of *The Comic Reader*, the first mass-circulation fanzine devoted to comics news. He continued to publish *TCR* for three years, winning two consecutive Comic Art Fan Awards for Best Fanzine.

Levitz joined the editorial staff of DC in 1973 as an assistant editor, and became editor of the Batman titles before shifting from the editorial to business side in 1980. Since then, he has been Manager of Business Affairs, Vice President-Operations, Executive Vice President and, since 1989, Executive Vice President & Publisher of the company. He now also holds the latter title at E.C. Publications, the publisher of *MAD Magazine*.

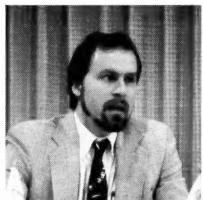
Levitz lives with his wife and three children in the hills of Westchester County, New York.



BILL LIEBOWITZ

In retrospect, it seems only logical that Bill would seek a career in comics retailing. From his humble beginnings as the New York City Duncan Yo-Yo Champ, Bill moved to Los Angeles and became a CPA. Twelve years with an international accounting firm led to a position as Vice President of U.S. Operations for the largest real estate development and property management company in North America.

Bill opened the first Golden Apple in 1979. Today, the Golden Apple chain consists of three stores in the Los Angeles area, including the 4,000 square foot mega-store on trendy Melrose Avenue. The chain has been featured in various television, radio, magazine, and newspaper appearances, and is noted for its extensive and aggressive promotional programs and its eclectic product mix.



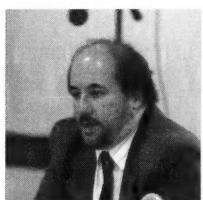
RICHARD PINI

Born in 1950 in New Haven, Connecticut, Richard grew up loving to read comics and science fiction. He started collecting comics seriously at about age 13.

Richard attended MIT, graduating in 1972 with a degree in Astronomy. He went to work for the Hayden Planetarium at the Boston Museum of Science, writing and presenting star shows.

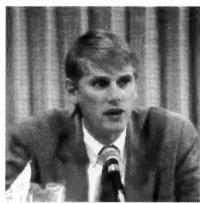
In 1977, Richard and his wife Wendy, unable to interest Marvel or DC in their idea for a fantasy story, started their own publication. Thus *Elfquest* was born. Although much of his time went into the business end of being a publisher, Richard was involved in the story generation, as well as handling some of the script writing.

What began as a hobby publication has grown in fifteen years into a multi-million dollar business.



MIKE RAUB

Mike Raub began his association with comics by making a 10¢ commitment to a copy of *Superman* sometime in the 1950s. That commitment continued for the next thirty years, expanding to more and more titles each week. After attaining a Master's Degree in Communication and spending eighteen years in broadcasting, he reaffirmed that original commitment by opening the first Dream Factory store, with his wife Lori, in 1985. Since then, Mike has opened a total of six stores in Connecticut with plans for major expansion during 1993. Since entering comic retailing, Mike has served as President of the New York Chapter of Comic Book Retailers International and is a founding member of the Direct Line Group.



MIKE RICHARDSON

Mike's love of comics led him to open his first comic book store with money advanced from a credit card. His Dark Horse Publishing business grew out of his early ventures in retailing. Today, Dark Horse has expanded into a number of areas, including film production (Mike was the co-producer of the recently released *Dr. Giggles*), international publishing, interactive computer games, model kits, trading cards, and a new line of novels distributed by Bantam books.

He is married to his wife of twenty years, Karie, and has three beautiful daughters. Mike was born in Portland, growing up in Milwaukie, Oregon where the Dark Horse Headquarters now reside.



CHUCK ROZANSKI

Born in 1955 in Aschaffenburg, Germany, Chuck Rozanski emigrated to the U.S. in 1960 and was naturalized as a citizen in 1966. He attended schools in Germany, Michigan, and Colorado, where he attended the University of Colorado and majored in Finance.

Chuck got his start in retailing at an indoor flea market at age 14. He opened his first Mile High Comics store in Boulder, Colorado in 1974. The business grew quickly, and now encompasses 4 stores and a mail order company.

In addition to retailing, Chuck was a founding member of IADD, the International Association of Direct Distributors.



DAVID SCROGGY

David Scroggy became involved in the comics business shortly after he moved to San Diego, California in 1975. There, he began a long association with the San Diego Comic Convention, wrote a regular column for *The Comic Buyer's Guide*, and began working for Pacific Comics.

David began as manager of Pacific's flagship retail store, and went on to manage Pacific's direct sales distribution operation in the early days of the marketplace. When Pacific began publishing comic books in 1981, David served as editorial director, where he continued until shortly before Pacific's demise in 1983.

Scroggy began to develop a business as an artist's representative about that time, which continues today as the David Scroggy Agency. David has also served as director of the Comic Book Expo, the trade show associated with the San Diego Comic Convention, since 1984.



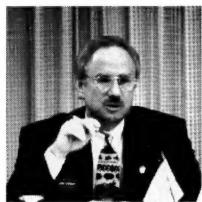
JAMES C. SHOOTER

Jim Shooter began writing for DC Comics in 1965 at the age of thirteen. He was privileged to work with Neal Adams, Gil Kane, Wally Wood, Curt Swan, and many other all-time greats.

In 1976 Jim was hired as editor of Marvel Comics and in 1978 was promoted to Editor in Chief of Marvel.

In April 1987, Jim started Voyager Communications, publishers of Valiant Comics. In 1992, after only one year of publishing, Voyager was voted Best Independent Publisher by retailers, and Jim received a lifetime achievement award.

Today Jim has started yet another new company called Enlightened Entertainment, which will publish under the imprint Defiant.



TERRY C. STEWART

Terry Stewart was named President and Chief Operating Officer of Marvel Entertainment Group, Inc. in September of 1990, less than a year after joining the company as Executive Vice President, Business Development.

Mr. Stewart came to Marvel with an extensive background in acquisitions, licensing, strategic planning, and marketing, both domestic and international. He is the former Vice President of Business Development for Combustion Engineering, Inc. in Stamford, Connecticut, a manufacturing and engineering firm that provided products and services to a wide variety of basic industries. There he was responsible for joint ventures, acquisitions, licensing, and business strategies. He also held a similar position with The Continental Group, also in Stamford, a leading diversified manufacturing and service company with interests in packaging, oil and gas, and financial services. Early in his career, Mr. Stewart was a commercial banker specializing in real estate and the funding of medium-sized businesses.

A long-time comic book fan and pop culture artifacts enthusiast, the 45-year-old New York City resident holds a J.D. from Cornell University Law School and a B.A. in Education from Rutgers University.



MEL THOMPSON

Melchior Thompson is founder and President of Melchior Thompson & Associates, a management consultancy located in Burlingame, California. His company has worked with direct market retailers, distributors and publishers for nine years. Besides providing consulting services, Mr. Thompson also developed ComTrac™, the first ordering and inventory control software expressly tailored to the needs of direct market retailers.

Mr. Thompson received his B.A. from San Francisco State University, and earned his Master's degree at Harvard University. He has worked as a senior officer in several consultancies, including Information for Business and the John S. Thompson Co. He has particular expertise in site selection and analysis, and has developed a wide range of mathematical site sales forecasting models for retail chains in the United States and Canada.

FEATURING

Bruce Bristow

Allan Caplan

Chris Claremont

Gary Colabuono

Peter David

John Davis

Will Eisner

Tom Flinn

Mike Friedrich

Milton Griepp

Michael Hobson

Ron Hon

Denis Kitchen

Paul Levitz

Bill Liebowitz

Richard Pini

Mike Raub

Mike Richardson

Chuck Rozanski

Dave Scroggy

Jim Shooter

Terry Stewart

Mel Thompson

The
First
Comic
Industry
Roundtable

IC Special Edition sponsored by DC Comics